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	kalkad Brizz Mgerie Heinrit Turkny Lzzop India Repti Norwzy Hertadi UAS Shi7.00		Page 3
· · ·	No.31,028 • FINANCIAL TIMES 1989	Tuesday December 19 1989	φ D 8523A

AUSSA

ROMANIA

Bulgaria

ties' decision to send Father

Laszlo Tokes, a dissident Lutheran pastor of Hungarian

origin and a relentless cam-

paigner for human rights, into internal exile.

The demonstration started in

In return, othar member

states have agreed to tear up an amendment to the directive

that would have excluded new mortgages from the lower risk ratings. In addition, the Com-

mission has promised to review the matter before the

Sir Leon Brittan, the Compe-

tition Commissioner, said yes-terday that the adoption of both this latest directive and

which was agreed on Friday, would create "the largest and

most open banking market in the world."

Both directives will come

into place at the beginning of

1993. The second banking

directive allows banks to oper-ate in any member state on a

single passport. The banking

end of 1995.

trad

Hungary

Iranian

World News Business Summary **Thatcher may Lyonnaise** relax rules on calls halt to Hong Kong

UK Prime Minister Margaret Thatcher is expected to meet senior ministers to endorse a package of proposals - ina package of proposals – in-cluding a relaxation of immi-gration rules likely to cover more than 150,000 Hong Kong citizens – intended to boost confidence in the colony. Page 8; Brain drain, Page 4

immigrants

Collor heads for win Fernando Collor de Mello, the centre-right candidate in Bra-zil's presidential race, last hight appeared assured of a comfortable victory over his socialist opponent, Luis Inacio Lula da Silva. Page 14; Collor profile, Page 3

US shoots back A US Army officer wounded a Panamanian policeman in the second such shooting incident in Panama in three days, a US defence official said. He said the Panamanian drew his gun first. Page 3

six cheep **Portugal's left gains** Portugal's Social Democratic Government put a brave face on its defeat by the Socialist Sec. 2 and the sec. 19 The second party in nationwide local elec-1. N. . 4 FAU tions. Page 2

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Zeebrugge case

Committal proceedings began against P&O European Ferries - formerly Townsend Thore-sen - which is charged with corporate manslanghter in the Zeebrugge disaster. Page 8

Yugoslav reforms The Yugoslav Government introduced a programme of economic and political reform which would bring in a new convertible currency unit from January 1. Page 2

First for Pravda The Soviet Communist Party newspaper Pravia broke new ground with the publication of a favourable essay on Alexander Solzhenitsyn's Gulag Archipelago.

investment in **UK** water

Lyonnaise des Eaux, diversified French water company which has spent about 250m (\$78.95m) on stakes in three of the newly privatised UK water companies, has called a halt to further market purchases. Mme Christine Morin-Postel, senior vice-president, ruled out further stake-building. Page 15

COFFEE prices were in retreat, with the second position shed-ding £14 to close at £649 a tonne - a 14-year low. The market is watching the Brazilian elections and this week's

Coffee 2nd position lutures (E per tonne)

600 1989 Jan

meeting in Honduras of Central American producers, who are planning a withholding scheme for new-crop arabica coffee. Page 28

Dec

WALL STREET stocks fell sharply amid a rout in the banking sector and other finan cial issues caused by nervousness over real estate loans. The Dow Jones Industrial Average fell 42.02 points to 2,697.53. Page 37

ROLLS-ROYCE and Snecma of France, Concorde's engine manufacturers, have signed a co-operation agreement which could lead to a second generation supersonic engine programme. Page 14

POLAND: Annual inflation reached 567 per cent by the end of November while indus-trial output continued to fall. Page 2

SOUTH AFRICA: Foreign buyers have returned cautiously to the Johannesburg equity

City sealed off after police fire on protesters • Tanks and helicopters called in SERIALS **Romania closes borders**

By Judy Dempsey in Budapest

ROMANIA yesterday closed its borders with Hungary and Yugoslavia and sealed off the city of Timisoara after police opened fire on a large demonstration at the weekend killing

Romania was until the week-end the only country in East Europe, apart from Albania, not to have been swept by prodemocracy protests in recent months. Reports last night suggested that the demonstra-tion, which one eye-witness put at 10,000-strong, had been the focus for strong protests

against the Government of President Nicolae Ceausescu.

President Ceausescu is the one East bloc leader to have completely rejected the reforms sweeping other East European countries. His regime, dominated in its higher echelons by mambers of his own family, ranks among

the most notorious for its supression of human rights. There were sharp variations last night. in the number of people reported to have been killed by police in the Timisoara

clashes. One witness who crossed the border into Yugoslavia yesterday put the figure at six dead, but one news agency report referred to "doz-ens" of people being killed and another to "hundreds."

Following the unrest, the borders with Hungary and Yngoslavia were closed to all but official traffic, in an apparent attempt to prevent news filtering out to the West.

A report by the Yugoslav news agency Tanjug said

By Lucy Kellaway in Brussels

THE LAST PIECE of the European Community's plan for a single market in banking fell into place yesterday as finance ministers adopted a directive setting minimum cap-ital standards for banks.

conditions for mortgage lend-

ing. The directive allows lower

risk weightings for mortage lending until 1996, but the

West Germans had wanted this

extended for five more years.

This will come as a great relief to member states, to the European Commission and to European banks which had

feared that this central piece of single market legislation could



Romanian security forces had taken full control of Timisoara the form of a human chain around the house of Father Tokes and soon swelled into an in the west of the country by opposition rally against the Government's policies. last night. In Budapest, Mr Zoltan Kir-aly, an independent member of Hungary's Parliament, 'said that tanks were in the streets of the city and in Arad, 40 miles north of Timisoara. How-

On Sunday morning, after Mr Tokes and his pregnant wife were taken away by the police to an unknown destina-tion, the angry crowds smashed windows and set fire ever he gave no source for his report and no further details. Sunday's demonstration appears to have been sparked off by the Romanian authori-

to the town ball in Timisoara. According to eye-witnesses returning to Hungary and Yugoslavia, the police and army were quickly moved into the city. They reportedly used tanks, water cannon and armoured helicopters to quash one of the biggest anti-regime demonstrations since November 1987, when thousands of

legislation will form a model

for legislation now heing drawn up for other parts of the

financial services sector. "This is a red letter day for the European Community, because financial services are catalysts, they are industries effecting other industries and the rate of economic growth."

Sir Leon said yesterday. He

hoped the reciprocity provi-sions would set an example to

markets. The directive says

that any third country bank

wanting to operate in Europe

must not discriminate against

European banks in their home

• European finance ministers

yesterday argeed to postpone until the end of 1991 the tricky

matter of fixing a range for

market

President Ceausescu left Romania yesterday for a sched-uled visit to Iran, evidently confident that the Securitate, or security apparatus, could

restore full control. in Budapest yesterday, eth-nic Hungarian and Romanian nic Hungarian and Romanian refugees, of which there are now more than 25,000 seeking shelter in Hungary, demon-strated outside the Romanian embassy. Last night, several independent political parties gathered in Hero's Square to protest against the crackdown and to voice their support for the Romanian population.

human rights record. is reform, democracy and development.

Rebuff by EC agrees single market for banking **Brussels** to Turkey on VAT rates following a steady drift away from the original goal of setting a common tax rate throughout the EC. membership However, ministers gave the

By David Buchan in minimal commitment that, in the meantime, they would not move their rates any further Brussels and Jim apart than they are already: rates currently vary from zero

Bodgener in Ankara

Signing an agreement with the EC constitutes almost as TURKEY'S application to join hig a turnround in Soviet for the EC was effectively rejected eign policy as today's friendly visit by Moscow's top diplomat yesterday. The European Com-mission advised EC governto the heart of Western defence

workers in Brasov, central Romania, took to the streets, Chancellor Kohl of West Germany, who yesterday ended his three-day official visit to Hun-gary, added his support to the demanding bread and better living standards.

Romanian opposition. During a joint news conference with Mr Miklos Nemeth, the Hungarian Prime Minister, be expressed concern not only for the fate of the 200,000-strong ethnic Ger-man minority in Romania, hut also about the country's

Mr Nemetb said that "the Romanian people bave an interest m finding, as soon as possible, a model nearer to their own roots. The only path

Voice of protest, Page 2

Frigate withdrawal

West Germany has withdrawn from plans for collaboration on a new frigate between the US and Nato allies. Page 2

E German demands East German trade unions are demanding the right virtually

to co-manage bushesses in the post-communist era and to strike if they feel workers' rights are being abused.

Turks on strike

About 2,500 ethnic Turks seeking asylum in Sweden went on hunger strike in protest against strict new rules requir ing would-be refugees to prove they face persecution at home.

Israel returns

israel has reopened its embassy in Ethiopia, 16 years after it was ordered to leave.

Italy's plea to EC

Haly will urge the EC to boost aid to North Africa to help counter the destabilising influence of Islamic fundamentalism, Foreign Minister Glanni De Michelis said.

China's Egypt visit

Chinese President Yang Shangkun arrived in Egypt on his first official foreign visit since pro-democracy demonstrators in Peking were crushed.

Ankara schools hit

Serious air pollution in Ankara forced schools to close for two days

MARKETS

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MARKET REPORTS: CURRENCIES, Page 36; BONDS, Pages 17, 18; COMMODITIES, Page 28; EQUITIES, Pages 29 (London), 37 (World)

market, reflecting improved tions by West Germany. The West Germans were peroverseas perceptions of the country's political prospects. suaded yesterday to drop their Page 4 demand for more favourable

BANK OF FRANCE raised its key tender rate by half a percentage point to 10 per cent. the fourth increase this year, bringing French interest rates to their highest since July 1985. Page 2

TOKYO STOCK Exchange has bowed to international pres-sure to admit 10 new members, three of which are likely to be foreign companies.

ASEA BROWN BOVKEL EUROpean engineering group, reported that it holds 96.7 per cent of the shares of Combus-tion Engineering, US process engineering and power services group, Page 16

mining company, has blocked Anglo American Coal's R546m (\$138.94m) bid for British Petro cum's share stake in the Mid-

Page 17 CITIBANK, leading US bank, is establishing a new airline and aerospace financing unit in London to cover Europe, the Middle East and Africa. Page 18

cash rates to rise in November because it was unwilling to validate an early rally in Page 4

JAPANESE MINISTRY of a tax on Euroyen futures traded at the Tokyo Interna-tional Financial Futures Exchange, Page 18

Page 16

RAND MINES, South African

delburg export colliery.

AUSTRALIA'S central bank said it had allowed market domestic interest rate markets.

Finance has said it will impose

STOCK INDICES

2,358.5 (+13.8)

FT Ordinary: 1,884.5 (+12.8)

w York close

DJ Ind. Av. 2,697.53 (-42.02)

Tokyo: Nikkel 38,586.10 (+315.14)

LONDON MONEY

Liffa long gilt tuture:

FT-SE 100:

FT-A AR-S 1,175.95 (+0.5%)

S&P Comp

347.67 (-2.47)

3-month intert closing 15 3% (15 3)

Mar 9212 (923)

new European insurance network. Suez will resell a 34 per cent interest in Victoire to Union des Assurances de Paris (UAP), the largest state-owned French insurer, for FFr14.4bn (\$2.4bn). Dai-Ichi Mutual Life Insur-

ance, the Japanese insurer, and Baltica Holding, the Dan-ish insurance group in which Victoire in turn recently acquired a 22.5 per cent stake, will each pay FFr2.1bn for 5 per cent stakes in Victoire. Victoire itself controls Colonia, the number two West German insurer bought by Vic-toire shortly before its take-.

terdam. UAP, meanwhile, has already built its own alliances,

Compagnie Financière de Suez refinances takeover of Victoire By George Graham in Paris

COMPAGNIE Financière de including 31 per cent of Royale Belge, the largest Belgian insurer, and 23 per cent of Sun Suez, the French financial con-giomerate, has completed an Life in the UK. operation allowing it to refin-The resulting network cov-ers almost all the European ance its takeover earlier this. year of Victoire, the secondargest French insurer, and creating in the process a major

ers almost all the European insurance market. "It is now up to the managements of Vic-toire and Colonia to seize a chance which I would qualify as unique," said Mr Renaud de la Genière, Snez's chairman. The three insurers will buy their stakes in Victoire at the same price that Suez itself paid in its takeover bid - FFr14,000 a share - although UAP's a share - although UAP's stake will be split between 11.5 per cent held directly in Vic-toire and 45 per cent in the Compagnie Industrielle hold-ing company. The price values

Victoire at FFr42bn. The operation will allow ez to recoup FFr18.1bn of its St FFr25.5bn outlay on the Vio-toire group, most of which was due to be paid out yesterday. In addition, Compagnie Indus-trielle is to raise about over by Suez, as well as the recently acquired Nieuw Rot-FFr3.5bn by selling some of its non-strategic holdings, leaving

CONTENTS

Angolan refugee slipping as the y	es find morale lears pass	
	Fourteen years after independence, as fighting continues with the forces of Jonas Savimbi (left), Ango- la's hopes for reconcil- iation are still not realised. Refugees who dream of return- lng find their morale slipping away.	
	Page 4	1 7
Europe 2 Companies 15,17 America 3 Companies 15,16 Overcas 4 Companies 15,18 Workd Trade 6,8 Companies 19-21	Agriculture 28 Arts-Fisviews 11 World Guide 11 Commodities 28 Crossword 28 Currencies 36 Editorial Comment 12 Euro-options 36 Financial Futures 38	Goi Inte Inti Lex Men Obs Rav

Snez with only another FFT3.4bn to finance from its

own resources. Mr de la Genière said this amount would easily be funded hy Snez's outstanding warrants, a large proportion of which are expected to be exer-cised in the next six months.

Suez's announcement yesterday follows three months of negotiations over how to refin-ance its takeover of Victoire - a takeover which it was forced into after years as the insurer's largest minority shareholder, with a consoli-dated interest of 42 per cent but no direct control UAP was immediately inter-

ested in taking a stake but insisted that its holding should be of at least 34 per cent, giv-ing it a blocking minority. After preliminary agreement on this level, Suez then sought to revise the deal to bring in AIC. the large American AIG, the large American insurer, on an equal footing with UAP. This was refused by

Continued on Page 14

ale	Lisbon: Portuguese public signals discontent on economy in local polis				
after 88	Editorial Comment: The touch of Collor; Gatt misses an opportunity				
es with nas	Foreign Affairs: A new decade East-West to North-South				
Ango- econcil- tot	Lex: French water stakes; Berisford; Fisons; UK Paper				
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orale	Saving on telephone bills: Squeezing several calls into one				
-	The FT 500: Survey Section.III				
28 11 11 28 26 36 12 36 36 38	Gold 28 Stock Markets 37 International bonds 18 -Wall Street 37-39 Inti. Capital Markets 18 -Unito Trues 33-35 Letters 13 Technology 27 Management 39 Unit Trues 30-33 Money Markets 36 Value of £, §, etc 17 Observer 14 Weather 14 Raw Materials 28 World Index 40				

The UK which has repeat-edly argued that the market should be able to decide the level of rates, represented yes-terday's decision as a victory for its view. Mr John Major, the Chancellor of the Exchequer, reiterated the British position that the maintenance of zero rates would be critical in any future negotiation. EC banking fraud proposals, Page 2

to more than 30 per cent.

tions on Turkey's application for Community membership, hut did not flatly rule out Turkish membership for ever. The long-expected Commisslon rejection of Turkey's April 1987 membership application was couched in terms of the Community's general need to Continued on Page 14

planning. The speed with which the Soviet Union has negotiated a deal with the EC this autumn partly reflects the fact that most of its exports to the Community, amounting to Eculobn (\$11.7bn) last year, are fossil Continued on Page 14 Foreign Affairs: East-West to North-Sonth, Page 13

Soviets call

for freedom

to buy

Western

By David Buchan

In Bruasets

the East

technology

THE SOVIET UNION

vesterday used the signing of

its new 10-year trade and co-op-

eration agreement with the European Community to call

for a continent-wide "European

economic space" aod the aboli-

tion of security controls on Western technology sales to

Mr Eduard Shevordnadzc,

the Soviet Foreign Minister, speaking after signing the new accord which will phase out quotas on Soviet iodustrial goods to the EC by the end of

1995, called for the formation of a "trilateral commission" com-prising the Community, the

European Free Trade Associa-tion (Efta), and Comecon, of

which the Soviet Union is the

largest member. He also said that the West-

ern alliance's restrictions on certain technology sales were

not only against the interest of

the Soviet Union and East Europe but also of Western

Europeans. He said mainte-nance of these controls oper-

atcd hy CoCom "dcpeods essentially on the US." Community ministers did not respond directly to Mr Shevardnadze's complaints about CoCom, but Mr Frans

Andriessen, Brussels' external relations commissioner, indi-

cated that the Commission might modify its long-standing ostracism of the Moscow-based

Comecon organisation to which the Soviet Union and its six East European allies

belong. But he said the EC should only reconsider its stance towards Comecon after

the latter had completed the

"radical restructuring" which

Mr Shevardnadze promised

yesterday, Mr Shevardnadze will this morning visit the Nato head-quarters in the city where he will meet Mr ManIred Wörner,

Nato's Secretary-General, and ambassadors of the 16 Western alliance countries.

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EUROPEAN NEWS

Tens of thousands hold political rally as Sakharov is buried in Moscow

· · · · · · · ·

By Quentin Peel in Moscow

DR ANDREI SAKHAROV, the DR ANDREI SAKHAROV, the father of the Soviet buman rights movement, was buried in Moscow yesterday. after tens of thousands of Musco-vites transformed e memorial meeting into a political rally demanding ever greater radical reforms.

The biggest meeting of dissi-dent groups seen in the Soviet capital in decades brought up to 80,000 people together out-side the Luzhniki sports sta-dium, to pay tribnic to the Nobel Peace Prize-winner and atomic scientist, who died last

They gathered in spite of a massive security operation by the Soviet militia and in spite of filthy Moscow winter weather, with snow and sleet discouraging all but the most dedicated from attending. The

police, backed by several hun-dred Interior Ministry troops, barred off streets for almost e mile around the meeting place, stopping traffic and pedestri-ans from getting near. In spite of the operation, launched beceuse of the authorities' apparent fear that the funeral would turn into the same sort of mase popular

paigner's lifelong fight for political freedom and justice, and his role up to his death in leading radical opposition to the Communist party. The crowd bore buge wreaths, individual flowers, portraits of Dr Sakharov, and blatantly political slogans. Flags throughout the crowd showed supporters from every part of the Soviet Union, including all the main nation-allst movements: from the Bal-tic republics, Armenia, Georgia and the Ukraine, as well as the Russian Popular Front and the Democratic Union. Simultaneously, a requirem same sort of mase popular demonstration which has sparked political unbeavals in East Germany and Czechoslovakia, thousands marched behind Dr Sakharov's coffin from the Institute of Physics to the old tram marshalling yard There, under the watchful eyes of troops and police, and

Simultaneously, a requiem Mass for Dr Sakharov was held in the Cathedral Square in Vil-nius, the Lithuanian capital, and in a square already named after him in Yerevan, the Armenian capital.

None of the official Soviet leadership attended, although earlier President Mikhail Gorb-achev, Mr Nikolai Ryzhkov, actev, of Nikolai Ryzhkov, the Prime Minister, and several polithuro members, paid their respects as Dr Sakharov lay in state at the Presidium of the

state at the Presidium of the Academy of Sciences. On Sunday night, as many as 100,000 ordinary citizens did the same in the House of Youth, where they filed past his open coffin until midnight, braving a temperature of minus 20 Celsins. At vesterday's rally, a series

At yesterday's rally, a series of speakers from the radical Inter-regional Group of depu-ties in the Soviet Parliament gave tributes, several urging their colleagues to form a proper parliamentary opposi-tion, as they said Dr Sakharov would have wished.



A large picture of Sakharov precedes his coffin at yesterday'e funeral

SUPPORT FOR EVENTUAL UNITY AS CITY PREPARES FOR SUMMIT People of Dresden back economic help from Bonn By David Marsh in Dresden

By David White, Defence Correspondent

Bonn withdraws from

consortium.

group in backing NAAWS.

off by several months.

Nato frigate project

FLANS for collaboration on a new frigate between the US and Nato allies have moved a step nearer complete disinte-gration with West Germany's withdrawal from the project.

withdrawal from the project. Bonn has told its partners it is pulling out both from the planned NFR90 joint ship design and from the Nato Anti-Air Warfare System (NAAWS), a US-led project for equipping the new generation of warships.

The decision is likely to be viewed by the US and other allies as a worrying signal about West Germany's reluctance to increase its financial commitments to new defence projects. Bonn has said it has no requirement for an air-de-

fence frigate. Its withdrawal leaves only four of the original eight part-ners still committed to continuing with the NFR90 programme for the time being but without linking it to a specific weapon system for defence against air attack. The question of the weapon

Yugoslavia plans new convertible currency

By Aleksandar Lebi in Belgrade and John Lloyd in London

THE YUGOSLAV Government will be pegged at the rate of 7 yesterday introduced a pro-gramme of economic and politidinars to the D-Mark and fluc-tuate according to its movecal reform which would bring in a new convertible currency

system and the cost and time scale for developing it has dominated recent discussions abont the project. Britain, which was the first

outside the Luzhniki stadi

with goods wagons rumbling along the main freight railway line, speaker after speaker praised the human rights cam-

THE SEA of black, red and gold German flags swamped through the streets of Dresden last night in a demonstration marking the most convincing East German call to date for pational units with Wate for to quit the frigate project in September, announced earlier this month it was joining national unity with West Ger-At least 50,000 Dresdeners France and Italy in developing marched to an open air meet-ing in a show of solidarity ahead of the visit here today of an alternative weapon range, Family of Anti-Air Missile Systems (Fams). It is now try-ing to woo Spain to form a new

Mr Helmut Kohl, the West Ger-man Chancellor. Participants said the hundreds of German Spain currently remains in the NFR90 along with the US, Canada and the Netherlands. flags were more numerous than on other Monday night marches through Dresden.

Until West Germany's pull-out, the Spanish had been expected to stick with the rest of this Demonstrators chanted "Ger-many: One Fatherland," the words of tha East German

national anthem, until recently hanned from being sung. Only a few counter-protests were made against the aim of Ger-An international agreement for pursuing the NAAWS programme was scheduled for signature by the end of last week but is now expected to be put man unity, but demonstration organisers urged vigilance against polarising the pro and The future of the joint hall design, currently in the middle of a two-year project definition phase, is expected to be decided next month. anti-unity forces and appealed for non-violence at today's his-toric summit between the two

German states. Talks between Mr Kohl and Mr Hans Modrow, the East German Prime Minister, will German Prime Minister, will focus on Western efforts to aid the moribund East German economy. But, as the city buzzed wile expectations, the shadowed by the warmth of the reception being prepared for Mr Kohl by ordinary Rast n Dreaden's Christmas mar. The main preoccupation was the economy. "The first prior-ity is economic help – other-wise the place will be empty," said Mr Klaus Liebe, a young man holding a baby. He believed that East and West Germany might be "together" by the year 2000. Another man hom the area, Mr Johannes Nawratir.

By David Goodhart in Berlin

SPD struggles to keep up with reunification debate

EAST GERMANY'S largest opposition group, New Forum, yesterday demanded that oppo-sition groups should be allowed to partici-pate in government meetings until free elec-tions are held next spring, writes Leslie tries. Coliff in Berlin. At round-tabla talks between the Govern-

At round-tabla talks between the Govern-ment and alme opposition groups, New Forum charged that the Government of Mr Hans Modrow, the Prime Minister, was in "no manner" legitimised by the population and had to be controlled. The demand was rejected as "destabilising" by the Communist party and four other established parties at the talks. All the groups, however acreed on the

All the groups, however, agreed on the need to discuss the nature of their co-operation with Mr Modrow until the national elec-tions. The first round-table talks on Decem-ber 7 proposed elections for May 6, a date not yet officially approved but widely accepted.

The round-table participants appealed to the inter-German summit meeting today in Dresden to respect the sovereignty of East Germany. They called on Mr Modrow and

Christmas trees looking more sickly than those in West Ger-many, only two East Germans ont of 10 interviewed in an informal FT poll had any qualms about reunification.

The main preoccupation was

In Dresden's Christmas mar-ket yesterday, decorated with scotched worries about a "sell-

Chancellor Helmut Kohl to achieve results which benefited the citizens of both coun-

Thes. They also warned against the danger of an economic "sell-out" of East Germany to the larger and more powerful West Germany and cantioned against allowing neo-Nazis and other right-wing extremists to enter East Germany from the West.

Four new groups were accepted by the round-table: a farmers' organisation, an independent women's movement, the official trade union federation and an ecological gronp.

gronp. Nenes Deutschland, the Communist party newspaper, gave its front page masthead a radical face-lift yesterday. Under the title, the words "Socialist daily newspaper" replaced the former "central organ of the Socialist Unity Party." The appeal "Workers of the world, unite!" from the Communist Manifesto was also eliminated. Last weekend the party, instead of chang-ing its name as many members had wanted,

ing its name as many members had wanted, added on the initials PDS for Party of Demo-cratic Socialism.

Mr Michael Müller is pastor of the Protestant Church of the Cross in the city centre, the best of whose baroque trea-sures have been rebuilt after the 1945 bombing but which is still church gives of the war. still showing signs of the war. He said Dresdeners had been asked by local government leaders to welcome Mr Kohl "with joy, but in moderation." But he estimated that 100,000 people might turn out today to welcome the Chancellor. "He is. France puts up key 🐇 interest rate half a point By William Dawkins in Paris

in Paris THE Bank of France yesterday raised its key tender rate by haif a percentage point to 10 per cent, the fourth increase this year, bringing French interest rates to their highest since July 1985. The move was intended to support the franc, contribute to monetary stability and fight inflation, said separate commu-niqués from the Finance Minis-try and the bank. At the same time, the bank lifted its 5-10 day repurchase rate by half a point to 10.75 per cent. Rates last rose (by three-quarters of a point) in October, when France took part in a general increase by nine Euro-pean countries, led by the Bundesbank. The frac has since come under pressure against a rising D-Mark - in turn influenced by a weakening doilar - so thet its value has moved towards its bottom limit in the European monetary system's enchange rate mechanism.

exchange rate mechanism. Economists interpreted yes Economists interpreted yes-teray's move as sign of the Government's determination to resist any EMS realignment at this politically sensitive time in the European Community's debate on monetary union.

today in Mr Müller's church, which can hold a maximum 5,000 people. The plan was shelved, however, because of

enough to pay the rent, said she favoured German unity. "It would be good for our children

and grandchildren."

the expected crush, and Mr Kohl is now expected to address a far larger crowd in the open air this afternoon. Back at the Christmas mar-A persistently inadequate domestic savings rate and ris-ing demand for short-term bank credit also lay behind yesterday's docision, said the Finance Ministry. ket, Mrs Ines Schlager, a young mother in blue wheeling a plump baby with a pink woolly hat, said reunification "would hat, said reunification "would be very good but we have to recover first". One elderly lady said she was opposed to unity. She talked of the danger of right-wing extremists - "I have lived through the war".

Polish inflation increases to 557 per cent By Christopher Bobinski in

Mr Markus Kerer, an intal-lectual-looking youth, said he rejected the prospect of imme-diate unity, but saw it coming Warsaw in 10 years, as part of a demili-tarised Germany. Mrs Brunhilde Pieper, a widow who said her pension of E Mark 419 a month was not

ANNUAL inflation in Poland reached 557 per cent by the end of November while industrial output continued to fall, the Government's central statisti-

cal office, reported yesterday. Despite the record growth in prices over the year, a lower rate of increase in food prices in November compared with October contributed to a slow-ing of the monthly inflation rate, to the surprise of the authorities.

authorities. The Finance Ministry is expecting inflation in Decem-ber to mount by 30 per cant compared with last month and. then leap by 50 per cent in January, as energy prices go up seven-fold, the Polish zloty is devalued and price controls

Last month, inflation grew

out" to the powerful West. "If you have been living here for 40 years, you are not concerned about being taken over. We have been sold ont already - we can only go uphill," he

Mr Heinz Hennid, a 72-year-old pensioner, complaining that he got only E Mark 440 a month as pension (roughly £20 at the unofficial exchange rate), said: "Without help, the state is kaput". Expressing enthusiasm about unity, he said East Germany 'heeded "a" market economy, competition, and the law of supply and

demand".

and grandchildren." Mr Bernd Hahn and his wife Sylvia said they favoured "good relations" with the West; but not unity straight away. "The main thing is the econ-omy," said Bernd. Mr Frank Rehwein, another young father with a three-year-old child, said it was a "good thing" that Mr Kohl was popular - he is a symbol." The Chancellor had earlier planned to make a speech coining. "In West Germany; It's like a dream... in the next five years, we will grow together."

unit from January 1, introduce tight monetary and budgetary controls, a six-month wage freeze and political and legal liberalisation measures. Mr Ante Markovic, the

Prime Minister, told the federal Parliament that a solution to the country's crisis "is not possible without a completely new economic and political system that would ensure economic efficiency and political democ-racy with full freedom and human rights."

The package has yet to pass the federal and republican assemblies – though Mr Mar-kovic has said the Government Will resign if it is not approved. The level proposed for the new Yugoslavian dinar is to equal 10,000 of the present dinars. It restrictions.

ments. Wage levels will also vary according to the D-Mark's movements. movements. The dinar was yesterday trading at 64,794 against the D-Mark, 112,287 against the US dollar and 179,282 against ster-ling. Included in the package

WEST Germany's opposition Social Democrats yesterday tried to win back the domestic was the announcement of an end to monetary expansion severe limits on the budget the free formation of interes rates (set in the past by the National Bank) and state control of the prices of electricity, petrol, rail transport, rents, postal services and medicines. Mr Markovic said that for eign exchange reserves of \$5.8bn, with promises of up to \$4bn more, would help with-stand the initial shock of con-vertibility. All Yugoslavs could buy foreign currency without

congress in West Berlin, origi-

tried to win back the domestic political initiative in the debate over the future of the two Germanys. The SPD attempted this by supporting the idea of confederation but insisting, in contrast to the rul-ing Christian Democrats, on unonalitied recognition of unqualified recognition of Poland's existing western border and no modernisation of short-range nuclear weapons. The first day of the special

nally called to pass a new their residual power to block party programme to replace that agreed in Bad Godesberg moves towards unity could release a sharp "nationalistic reaction".

in 1959, was overshadowed both by the passing of a "Ber-lin Declaration" on the Ger-The other main speeches and the Berlin declaration itself, mans in Europe and by an in and the burley and by an unexpectedly nationalistic speech from Mr Willy Brandt, the SPD'e honorary chairman. Mr Brandt, who has been the SPD's main political asset in the recent weeks of argument over the Corman question over the German question, gave a clear warning to the Allies that any attempt to use

were more cautiously framed and remained deliberately vague over how full unity would supersede confederation. Mr Hans-Jochen Vogel, the party chairman, said full unity could only come along with a gradual demilitarisation of the two military blocs and also called for a new Helsinki con-

ference to give fresh impulse to the development of a "Euro-pean peace order".

The SPD'e confused reaction to Mr Helmut Kohl's 10-point plan for unity plus the party's question. vulnerability to the accusation some way to acknowledging the fears, expressed in particu-lar by Mr Öskar Lafontaine, the ontspoken deputy chair-man, about the burden on that it has been too close to the now discredited communist leadership in East Germany have together damaged the party's etanding as the national election year West Germany's social security system from an uncontrolled approaches. The Berlin declaration

inflow of East German immiclosely resembles Mr Kohl's grants.

by 23 per cent compared with October when prices rose by 55 per cent on the previous month. Wages growth in November, at 23.7 per cent, matched the rise in prices. Yes-10-point plan in many respects. However, the SPD document places greater emphasis on disdevalued the Polish zloty against the dollar for the 10th time since the new Solidarity. armament, integration within the EC, and the Polish border The document also goes Government came to power, by 17 per cent to a level of 6,000

zloty. The devaluation is in line with policies agreed with the International Monetary Fund, with whom the authorities are expecting to sign a letter of intent today on an adjustment programme.

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Luxembourg remains opposed to EC anti-fraud proposals By Lucy Kellaway in Brussels

showed no signs of dropping its opposition to the scheme.

The difficult progress came despite the heavy political pressure for an agreement that was issued by the Strasbourg summit, where heads of Government instructed ministers

another concerning savers in mon withholding tax, agreeing each country. Luxembourg has instead to the principle of agreed to do this only in cases greater co-operation to combat where criminal proceedings frand.

THE PROSPECTS of a common have started against the inves-European system to eliminate tor. Luxembourg argues that to frand and tax evasion by inves-tors looked remote last night, against its laws on banking as the state of Luxembourg secrecy.

However, this is not accept able to many member states, including Belgium, Italy and the Netherlands, all of which argue that much closer co-operation is needed.

The directive is all that is to speed up measures on savings taxation. The directive would require countries to make financial information available to one worther concerning starts are across the community. Earlier this year member states rejected any idea of imposing a com-

Voice of protest starts to make itself heard in Romania

Judy Dempsey assesses the gathering signs of dissent in a population cowed by the Ceausescu regime

OMANIA'S President Nicolae R Ceausescu continues to keep against the shutters firmly closed against the winds of reform sweeping across Eastern Europe. But as last weekend's unprecedented demonstra-tion in Timisoara indicates, people are searching desperately for a way to unlock one of the last bastions of neonians live.

Stalinism. The future of an increasingly anachronistic regime now centres on two phenom

The first is the ethnic problem. Last Saturday, in bitterly cold temperatures, more than 200 ethnic Hungari-ans formed a human chain around the home of Fr Laszlo Tokes, a Protestant pastor, who has been under virtual house arrest for the past month. An ethnic Hungarian and relentless

campaigner for human rights and for the protection of the rights of Romania's 1.5m-strong ethnic Hungar-ian minority, Fr Tokes provoked the

wrath of the Securitate, the state security organisation, when he gave an interview last summer to Hungar-ian television. In the interview, he recounted the harsh conditions under which ethnic Hungarians and Roma-

For daring to speak out, four "burglars' last month broke into his flat, beat him up and threatened to kill

Inn. In a country which is dominated by rumour, informants, and above all, by fear, Fr Tokes's bishop refused to sup-port him. But the pastor himself con-tinued to speak out. It was then that the authorities decided to send him into internal exile to a remote village in the Carpathians. This was the cata-lyst which led to last Saturday's masss demonstration. ss demonstration.

That cold night, between 200 and 300 ethnic Hungarians formed a human chain around Fr Tokee's house to prevent his "deportation". by an impoverished work force. On December 8, workers at the Red Star factory in the central city of Bra-sov, home of the country's 200,000-

According to eye-witnesses returning to neighbouring Yugoslavia and Hun-gary, the crowd swelled into thou-sands and was joined by Romanians

shouting anti-Ceausescu slogans. The authorities reacted by sending in tanks. Shots were fired from police helicopters, and scores of people were injured and arrested. Since then, the borders with Yugoslavia and Hungary have been practically sealed off in an attempt to prevent news from seeping out, and to minimise the contagion of

out, and to minimise the contagion of reform spreading from other East European countries into Romania. So far, through sheer force, the authorities have managed to contain the unrest. But growing ethnic dis-content is not the leadership's only problem; it also has to contend with appring corrected demonstrations ntinuing, sporadic demonstrations

strong ethnic German minority, downed tools following power cuts. Unable to work because of the cold, they demanded that the management itself try to work on the shop-floor. Again, the authorities responded with force, just as they did in November 1987, when thousands of Romanians took to the Brasov streets demanding bread and an end to rationing.

Despite evidence of increasing unrest and growing Western criticism, President Ceausescu and his extended family still have a and his excended family shill have a tight hold on the reins of power. Allies like China, North Korea and Cuba provide useful ideological back-ing, but the leadership depends for physical support on the dreaded Securitate. Above all, it can rely on a security which is dominant from the security of a society which is dominated by fear -a factor which explains why the oppo-sition has been unable to organise itself.

combined with the pervasive presence of the Securitate, means that any decision to take to the streets can be a matter of life or death. "It is not imprisonment we fear. It is death," a Romanian businessman recently commented.

The hermetic and paranoiac nature

of the Romanian political system,

mented. This was the choice six brave intel-lectuals made last March when they addressed an open letter to Mr Cean-sescu highly critical of the regime. They were subsequently dragged from their homes and taken into internal exile. Their wherabouts are unknown. The dissident poet, Mrs Donis Cornea is under a 24-hour guard in her house in Transylvania for her repeated criti-cisms of the regime. cisms of the regime.

But now, with incidents of ethnic unrest, of sporadic worker discontant, and open letters from intellectuals, the three forces are slowly find a

FINANCIAL TIMES

Portuguese public signals its discontent on economy in local elections

By Patrick Blum in Lisbon

PORTUGAL'S Social Democratic Government yes-terday put a brave face on its defeat by tha Socialist party (PSP) in nationwide local elec-

while the ruling Social Dem-ocratic party (PSD) retained the largest number of seats on the largest number of seats of local councils, its total vote fell below that of the Socialists who won control of several of the country's big cities, includ-ing Lisbon and Oporto. The results confirm that the Socialists are once seein a seri-

Socialists are once again a serious force and will be in a strong position to challenge the Government in the 1991

general election.

the Government can claim to general election. Incomplete results show the Socialist party winning more than 32 per cent of the vote (not including localities where it was allied with other parties) to the PSD's 31.4 per cent. The PSD alone had ways 55% seats to have achieved record growth and investment rates and low unemployment, inflation is PSD alone had won 586 seats to the Socialists' 541. Later returns are not likely to change the overall balance

nnemployment, inflation is high et more than 12 per cent. Efforts to curb prices by squeezing credit and raising interest rates have hit consum-ers and small industry. Pay, particularly in the large public sector, has not kept up with inflation and the past few months have seen a spate of strikes and protests among transport workers, civil ser-vants, teachers, and health ser-vice workers. vice workers.

between the two parties. There was a clear polarisation between the main parties at the expense of the smaller par-ties on the right and left whose vote declined markedly. There is a feeling that Portu-gal's new-found prosperity is Several factors account for the PSD's poor showing. While

not distributed as evenly as it could be. Also, the Govern-ment's high-handed attitude has not helped, nor have the ruling party's internal squab-bles. As soon as the results were known, Mr Anlbal Cavaco Silva, the Prime Minister and PSD leader, sought to minimise his, party's defeat in the coun-try's main citles by claiming an overall victory in the coun-try. But the loss of Lisbon and Oporto, as well as of several other citles which had been under PSD courtol, is a blow which will undoubtedly be fol-lowed by further dissent lowed by further dissent within the party. a choice platform as the capi-tal's mayor to challenge the

For the Socialists, the results were an unequivocal success. Mr Jorge Sampsio, their leader Mr Jorge Sampaio, their leader who successfully ran for the post of mayor of Lisbon, told a jubilant crowd outside party headquarters on Sunday night: "This is a clear defeat for the Government and for the PSD." The results indicated a desire for change and demonstrated that the Socialist party was an alternative at the national level, he said. Mr Sampaio who is expected to be a candidate for Prime Minister in 1991, will now have a choice platform as the capi-

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Government. The Socialists' success and his personal vic-tory in Lisbon have also vindicated his controversial decision to form an alliance in the capi-tal with the hardline Commu-

tal with the naroune commu-nist party. The Communists, led by the veteran Mr Aivaro Cunhal, has shunned until now the reform movement sweeping Eastern and Western Europe. Calls for internal party reform have been swept aside by Mr Cunhal who, at 76, shows little sign of warting to sten down.

to have beneficial from a grow-ing uncase in the country about some of the effects of the Government's liberal market policies and, more importantly perhaps, about the Prime Min-ister's somewhat professorial and technocratic style. who, at 70, shows note such a wanting to step down. The party's vote, at around 12 per cent, has steadily fallen since its beyday during the

1975 revolution when it came close to power. Nevertheless, its decline has not encouraged Mr Cunhal to change his Marxist views. The Government and the

¥.

Published by the Financial Times (Europe) Ltd., Frankfurt Beasch, repre-sented by E. Hugo, Frankfurt/Maia, and, as members of the Board of Diroc-tore, F. Barlow, R.A.F. McCless, G.T.S. Damor, A.C. Miller, D.E.P., Palmer, London. Printer: Frankfurtø Societaeis-Druckerei-GanbH, Frankfurtø Main. Responsible editor. Sir Geoffrey Oweo, Financial Times, Number One Southwark Bridge, London SEI 9HL, The Financial Times Ltd. 1989. PSD sought to discredit Mr Sampaio for the Socialists' alliance with the Communists, but the strategy appears to have backfired. Mr Sampaio seems to have benefited from a grow-

FINANCIAL TIMES, USPS- No 190640, published daily except Sundays and holidays. US subscription rates 3855.00 per ansum. Socondicisas pos-age and at New York NY and at addi-tional mailing offices. FOSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Stroot, New York, NY 10022.

Financial Times (Senadiasvia) Ltd. Ostergade 44, DK-(100 Copenhauen-K. Denmark, Telephone (01) 13 44 41. Fax (01) 935333.

AMERICAN NEWS

White House to decide on budget

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By Peter Riddell, US. Editor, in Washington

PRESIDENT George Bush and his senior advisers will this week finalise decisions on the US budget for fiscal 1991 starting next October which will reduce the federal deficit to the statutory target of \$64bm

without new tax increases. The package, to be sent to Congress on January 22, will involve a combination of spending cuts and assumed increases in revanne as a result both of minor changes to existing taxes and charges and of the initial boost to revenue from a proposed cut in capital gains tax.

On spending, the Adminis-On spending, the Adminis-tration will propose a squeeze in various discretionary pro-graumes, holding increases in cash terms to less than the rate of inflation, as well as cuts in entitlement programmes, such as Medicare health assis-tance and farm subsidies.

Only limitsd immediate savings in the Pentagon budget will be proposed for fiscal 1991, amounting to a few billion dol-lars below currently projected levels for next year. However, in contrast to the the des in in contrast to the rise in defence spending of 1 to 2 per cent in 1991 forecast last Feb-ruary, a fall of a similar size in real, inflation adjusted, terms

is now likely. Moreover, congressional leaders have already indicated that they may seek to reduce defence spending below what the Administration proposes.

A key element in the Presi-dent's budget will be the fore-cast that the US economy will expand by 2.6 per cent in the year to the fourth quarter of 1990. This is regarded by many outside economists as too optimistic in view of the recent signs of economic slowdown, though the Administration's forecasts have turned out to be accurate for the current year.

The Federal deficit is now declining, in absolute as well as relative terms. After turning out at around \$152bn in the 1989 fiscal year which ended on September 30, even the normally cautious Congressional Budget Office has recently esti-

mated that the total could drop to \$128bn in fiscal 1990. The Administration's Office of Management and Budget expects the deficit to be within the target range at hetween \$100bn and \$110bn.

There is no sign of any agreement between the Demos crat-controlled Congress and the Administration over the 1991 Budget. The deal reached last April for fiscal 1990 was subsequently strained by the

Argentine musical chairs ends with Gonzalez in the hot seat HEISTMAS is a time for new board games. If an economists' version of Trivial Pursuit exists; Argentina in 1989 should have pride of place. Which country had the highest monthly inflation? Which had a new economy minister every two months on average? And which saw its

currency collapse from 17 to 1,600 units to the dollar? Argentina's sixth economy minister in 1989, Mr Antonio Erman Gonzalez, takes over at a most difficult moment in Argentina's economy. Many argue that last July's 196.6 per argue that last July's 1965 per cent inflation rate must have been the economy's lowest point. But Argentina at least then had the prospect of a new government, with new ideas.

died in July from a heart attack after jnst a week in That prospect has disap-peared. President Carlos charge of the economy), was in effect designsted by Latin

Menem's Peronist government, America's largest multi-national company, Bunge and Born, which made its family after less than six months, has failed to provide the confidence and stability craved by the fortune from grain trading in country and its creditors. It is the 19th century.

difficult to see what Mr Gonza-Both Mr Roig and Mr Rapalez can do to correct the crisis, without at first deepening it. nelli were senior vice-presi-dents of Bunge and Born, who The departure of Mr Nestor Rapanelli as Economy Minister with the backing of Bunge and Born's owners Juan and Jorge Born, threw themselves into a is, however, not simply the fad-ing of a name. It also reprelast-minute rescue attempt of

sents the first and most serious crack in the single alliance on which President Menem had the econom the economy. Although Bunge and Born operates in more than 20 coun-tries it remains headquartered in Buenos Aires. What was good for Argentina was good for Bunge and Born – and vice warsa on suprome claimed. built his hopes. Mr Rapanelli, like his predeor Mr Miguel Roig, (who versa, so everyone claimed. But Mr Rapanelli was flat-

December, by implacable laws of economics. On December 10 he announced a 35 per cent devaluation of the austral, to try to hold its hlack market rate from galloping too far ahead and destroying his stabilisation plans.

But within three days of that devaluation the markst responded in a manner which has been seen all through 1989: when governments falter, buy dollars. The black market rate for the dollar jumped from 950 to 1,500 astrals against the newly fixed official rate of 1,000. Mr Rapanelli's resignation, was inevitable.

soared hy between 50 and 100 tened, in the second week of per cent; public sector tariffs

inflation being 15 per cent for the whole of 1990 (as Mr Rapanelli and President Menem promised the International Monetary Fund in a new letter of intent in November), Mr Gonzalez will do well to keep it below 15 per cent for January. The net effect for the average consumer, after a hastily granted government-hacked pay increase, but set against current inflation, is to leave him at least 20 per cent worse off than two weeks ago. But the most serious politi-

cal consequence of Mr Rapa-nelli's failure is that President Menem is now running out of Rioja where the President was powerful allies. He has aliengovernor before winning the

The new economy chief takes over at the worst possible moment, writes Gary Mead have been raised by between 20 ated the important Buenos and 100 per cent. Rather than Aires wing of his own Peronist Aires wing of his own Peronist party by failing to give it the national political influence it feels is its due. He faces a divided and hostile trade union organisation. Bunge and Born was his last life raft and now it is drifting away.

The appointment of Mr Gonzalez is an indication of how desperate Mr Menem is becoming to surround himself with people from the good old days. Although Mr Gonzalez is not a Peronist (formally he is a mem-ber of the Christian Democrat Party), he was for a long time Treasury Minister for Mr Menem in the province of La

head the Health and Social Welfare Ministry. Mr Gonzalez's main function in La Rioja was to administer the industrial promotion scheme, a national government subsidy designed to bring development to remote regions. The scheme was used hy most

presidential election in May. Mr Gonzalez has twice

shifted office since Mr Menem took over in July, holding first

the vice-presidency of the cen-

tral hank before moving to

of its beneficiaries as an easy tax avoidance scam, at great cost to the national exchequer. In terms of experience, therefore, he might not be consid-ered the best person for a post where the universally agreed priority is to cut wasteful state expenditure unbacked by genuine earnings.

Moreover, retail prices have

Bush voices Wealthy Collor rises above Brazilian taunts of privilege concern

AMONG the myths surrounding Mr Fernando Collor de Mello - now all but officially Brazil's president-elect on Panama - is the report that the young state governor decided to launch his bid after reading The Selling of The Pres-

THE Bush administration ident, writes Ivo Dawnay in Rio de yesterday stepped up its con-cern about what it called "a Janeiro. Inspired by the book about Richard Nixon's successful 1968 campaign, Mr Collor is said to have enlivened a dull very disturbing climate of aggression" in Panama against US citizens after the murder of an American officer on Saharvisit to China by devising a strategy to repeat the exercise in Brazil. Certainly, when last April he leapt from nowhere to a commanding lead in the

The tension increased fur-ther last night after another shooting incident, in which a US army lieutenant apparently wounded a Panamanian policeman. A US defence official said the lieutenant drew his pistol and fired twice after the Pana-manian traffic officer had approached and drawn his own

By Peter Riddell

day and other incidents.

President George Bush described the Saturday murder as "an enormous outrage" but declined to discuss what the US options might be in response. He admitted, how-ever, that "one of the frustrations I've had during this year is the whole Panama situation".

The original US response was to describe the murder as an isolated incident hut the reaction yesterday was stron-ger in view of further hostile acts after Friday's declaration hy Panama of war against the US.

Mr Marlin Fitzwater, the President's press spokesman, said that the declaration of war appeared to have "set off a pattern of indiscriminate violence".

Apart from the killing, "a naval officer was beaten and interrogated, his wife semally threatened and harassed. Other members of the US military were detained, their weapons, and radios taken away from them after questioning polls, commentators could only attri-bute his rise to some astonishing pro-presidential term as opposed to five paganda coups.

paganda coups. On winning office as governor of the tiny Alagoas state in the poor north-east, Mr Collor then only 38, immediately grabbed national head-lines. His high profile "war on the Maharajahs" – a few dozen civil ser-vants earning above \$100,000 in a citate where most wares are helper \$50 state where most wages are below \$50 a month - drew immediate attention. When he then broke with the discredited government of President José Sarney - he was the only state

presidential term as opposed to five -he confirmed his credentials as a national figure.

But, as his opponents never the of pointing out, the self-styled "people's candidate" could hardly come from a more privileged background. His wealthy family is typical of the so-called coionel class that have wielded near-feudal powers in the region for generations. The Collor de Mellos have business interests in newspapers and television, where their broadcasting franchise forms

one of the tentacles of the supremely influential (and conservative) Globo network. But politics has long been the dynasty's first love.

At about the time that Lula his losing opponent, was being harassed as a union militant. Mr Collor was appointed by the regime as mayor of Biacelo, capital of Alagoas. He has since changed political parties four times; from military right to what he define on the biardenia content defines as the libertarian centre.

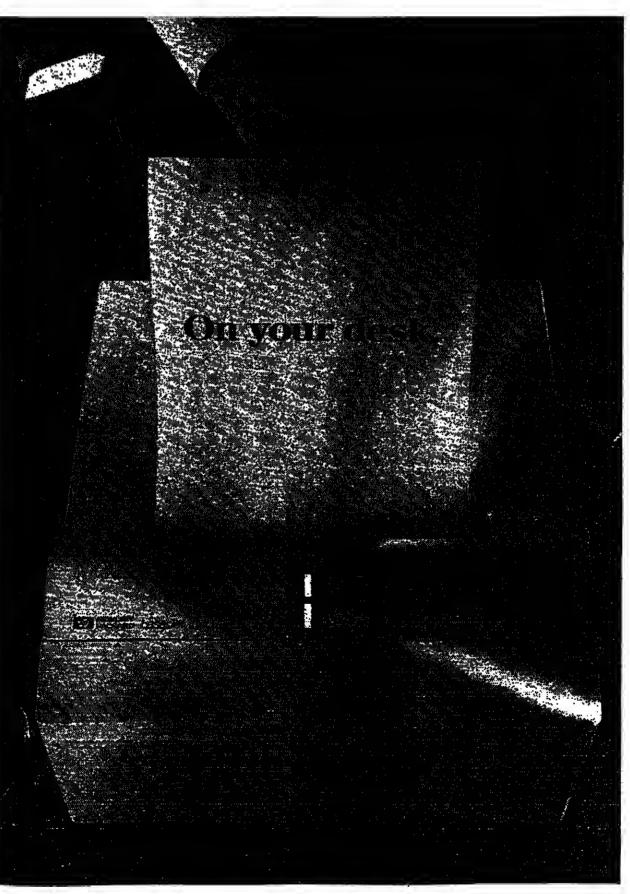
Throughout the presidential cam-paign, a fair proportion of the mod hurled against the candidate has

stuck. His claims, for example, to have reduced the privileges of the local sugar barons are now highly suspect. Yet the left's allegation that Mr Collor is a mere "video clip" - a skilful piece of marketing by the old oligarchy – has not been proved. In many respects, his vision of Bra-

zil as a modern, liberal democracy and not merely a leading Third World power is far in advance of most polittcal leader

Standing against him is his own notoriously volatile temper and a tendency to arrogance.

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long battle over capital g tar and an agreement was patched together only a month ago after the across-the-board cuts in spending known as sequestration had been in place for seven weaks place for seven weeks.

place for seven weeks. In the absence of immediate market pressures there is little political will for a grand bud-get deal involving higher taxes. and reduced entitlement programmes which would put the deficit on a long-term down-ward path.

He noted the timing of the incidents, all involving the Panamanian Defence Force, when put together pointed to "a certain climate of aggres-sion that is very disturbing". The Administration has been sensitive over Panama since the failure of its efforts to oust

General Mannel Noriega, the country's strongman and, in particular, the collapse of a coup attempt against him on October 3.

SEC seeks international deals on market regulation By Janet Bush in New York

THE US Securities and Exchange Commission, which regulates US securities markets, said vesterday it was creating an Office of Interna-tional Affairs to focus on devel-

tional Affairs to focus on devel-oping regulatory accords with counterparts overseas. Mr Richard Breeden, SEC chairman, said the move underlined the priority that the Commission placed on international co-operation. He said that the Commission was eager to sign accords with res-ulators providing for co-opera-tion on a range of regulatory areas such as net capital levels and registration standards for

broker-dealers. Last week, the SEC signed agreements with regulators in France and the Netherlands. The office will be directed by Mr Michael Mann, most recently Associate Director for International Affairs in the SEC's Enforcement Division. Mr Breeden plans to visit

Mr Breeden plans to visit Japan early next year to dis-cuss how a 1966 bilataral agree-ment could be improved. He would also like to discuss the implications of legislation which would repeal the 1933 Glass-Steagall Act which sepa-rates US commercial and investment banking.

Gacha's death unlikely to halt Colombia drugs flow By Sarita Kendall in Bogotá

FOR the Colombian Government the death of Gon-zalo Rodriguez Gacha, the cocaine trafficker killed with his son and five bodygnards on Friday, was a desperately needed success in the fourmonth drug war.

month drug war. It came at a low point in President Virgilio Barco's pres-tige, when many Colombians were expressing resentment at paying the price for fighting . US cocaine consumption. Although Mr Pablo Escobar is sensidered the Medellin Car.

is considered the Medellin cartel's top man, Gacha, 42, was its military commander. He was wanted in the US for traf-ficking and had been accused of mass murder in Colombia.

While Gacha's death gives the Government a boost, it is not expected to have much effect on the northward flow of cocaine to the US, where prices for the drug have not risen. Other trafficking groups

such as the Cali cartel tried to stay out of trouble after the essensitiation earlier this year of Senator Luis Carlos Galan, which sparked the Government's anti-drugs war.

ment's anti-drugs war. Many believe that Mr Esco-har may adopt a similar strat-egy and, instead of retailating to avenge Gacha's death, will keep his head down. This could ease the way for a "narco dia-logua" with whomever is elected president next May. On the day of Gacha's death, the President had an important political repriser: the constitu-

political reprieve: the constitutional reform package found-ered in Congress and, with it, next year's referendum on con-stitutional changes.

In open rebellion against government policy, the House of Representatives and a Senate committee had tried to include a question on the extradition of traffickers to the US in the referendum.

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THE POSSIBILITY MADE REALITY.

Japan fails

to end 1945

with Soviets

the Soviets since the end of the

"There were absolutely no new points of contact." said the official, who briefed report-

the cinclal, who brack repor-ers on condition of anonymity. He said the Soviet delegation called Soviet possession of the islands a "post war reality," and urged Japan to "assume a stance that recognises the results of the war."

Japan, however, renewed its

claim to what it calls the "northern territories," a group of small islands off Hokkaido, Japan's northernmost main-island.

The official said the Soviet

delegation proposed the exchange of draft treaties, but that Japan refused because of "reservations regarding the validity of such drafts" while the territorial dispute contin-

Mr Igor Rogachev, Soviet Deputy Foreign Minister, head of the Soviet delegation, was scheduled to continue talks

with Mr Hisashi Owada, his

Japanese counterpart, on a less formal level foday, the official

Mr Rogachev, completing a tour of five Asian nations, is scheduled to fly back to

Moscow tomorrow. The apparent failure of the talks comes less than two weeks after Prime Minister

Toshiki Kaifu, prompted by rapid changes in Eastern Europe and the recent mood of East-West detents, called for a new ers in Soviet-Japanese

Exchanges between the two

Mr Eduard Shevardnadze,

the Soviet Foreign Minister, is to visit next March, and Mr Mikhail Gorbachev, the Soviet

President, is expected to visit Japan in 1991. If he does, he will be the first Soviet presi-

nations have recently

said.

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OVERSEAS NEWS

S African shares surge in sign of foreign optimism

kers said.

per cent.

FOREIGN buyers have returned cautiously to the Johannesburg equity market for the first time in several years, reflecting improved overseas perceptions of South Africa's political prospects. Johanneshurg stockbrokers say that the past six weeks

have shown a marked upsurge in foreign buying of South African equities, with foreign-ers becoming net buyers of

ers becoming net buyers of South African equity in signifi-cant amounts for the first time since before the country suf-fered e currency crisis in 1965. In the year to the end of October, brokers estimate that net sales of equity by foreign-ers totalled R2.8bn (£683m). But since that time, the trend had reversed, with foreigners making net purchases of some making net purchases of some R200m

"We've been doing a sub-stantial amount of business with overseas customers, for the first time in years," said one broker, who said the recov-ery in the gold price was the main factor attracting renewed

foreign interest. However, brokers argue that the surge in the gold price, which has risen from a 1989 low of \$356 an ounce to close in London yesterday at \$409.25, would not on its own account for the increase in foreign buy-

ing. "The market is saying that there has been a shift in politi-cal perceptions," said one broker. "Until a few months ago, you would not have seen this much foreign interest." Bro-

that overseas investors could earn a return of 20 per cent or more on South African bonds. **Islamic courts' powers** widened in Indonesia

By John Murray Brown in Jakarta

INDONESIA has adopted new Islamic laws, giving wider pow-ers to religious *shariah* courts, in a move apparently aimed at appeasing growing Islamic sen-timent in society. After more than six months

at the committee stage the government-controlled House of Representatives last week unanimously passed a code providing all Moslem courts authority over such civil mat-ters as marriage, endowment and inheritance.

The new law also does away with the requirement that shariah decisions be confirmed by a secular indiciary. However Moslems, who make up some 87 per cent of the population, can if they choose go before secular courts. Appeal

A BOUT 30 per cent of Bong Kong companies hit by the colony's eth-nic Chinese brain-drain are organising jobs abroad for their emigrating professional and managerial staff. This is aimed at attracting the employ-ees back when they have kers noted that Mr F. W. de Klerk, the South African President, had undertaken signifi-cant political reforms since the ees back when they have obtained foreign passports and it is most prevalent in financial and professional services com-National Party was returned to power on September 6, and that his promises of further change had encouraged optimism abroad.

The figures were published yesterday by the Hong Kong Institute of Personnel Managemism abroad. Foreigners' equity pur-chases, which are concentrated in mining shares, had been a significant factor behind the rise in the JSE gold index, which has gained 26 per cent since the end of October, broment in two surveys which provide the first detailed analy-sis of the brain-drain's impact on various sectors and of company responses. Abont 55,000 people are expected to emigrate next year in order to obtain foreign pass-ports before Hong Kong reverts For the year to last Friday, the gold index has risen 70.6

to Chinese sovereighty in 1997. Almost 60 per cent of the They noted that the influ-ence of foreigners in the gilts market was even more pro-nounced. Non-residents had **Delhi stops** nounced. Non-residents had been active buyers in the mar-ket for most of the year, but purchases had plcked np sharply in recent weeks. Foreign buying was cited as an important factor driving a buil run on the glits market, brokers said, noting that the yield on the benchmark Eskom 11 per cent 2007/09 stock had fallen from more than 17 per cent a fortnight ago to close last night at 15.34 per cent. Foreigners were attracted by flights by

Foreigners were attracted by the fact that while purchases were made at the financial

rand rate, interest could be repatriated at the commercial rand rate, a differential of around one third. This meant

indonesia with more than

150m Moslems has a humanist if not secular constitution,

guaranteeing religious freedom

for all five official reli-gions – Islam, Catholicism, Protestantism, Hinduism and

Buddhism. Since 1985 the

authorities have outlawed sec-

tarian politics forcing all social

and political groups to conform

to the secular state ideology,

The new Islamic law is aimed at undermining popular support for Indonesia's radical minority. In February Moslems

militants clashed with security

forces leaving more than 30 dead. Those involved are charged with attempting to

establish an Islamic state, and

However the new bill's n

currently stand trial.

ber Bulletin publication.

"There is as yet little evi-dence...of this slowdown in demand being reflected in

cent at the end of October.

Pancasila

Westlands By K.K. Sharma in New Delhi

> THE Indian Government yesterday passed an order grounding 20 Westland-30 heli-copters operating in the coun-try and has asked a committee of experts from the Ministry of Defence to investigate the aircraft.

> The action came two days after a Westland-30 operating for the Oil and Natural Gas Commission (ONGC) crashed into the Ganges near Patna, in Bihar state, killing 13 people on board. The crash came two days after another helicopter crash-landed in Bombay. A decision by Pawan Hans, a mbile contra component of the public sector corporation that operates helicopters, to ground the fleet was taken after the

Bombay crash - but appar-ently this was not enforced all over the country until after the Patna crash. Most of the helicopters are based in Bombay.

The review committee has been given while terms of refer-ence to go into all aspects of serviceability and safety of the Westland helicopters, includ-ing any possible deficiency in their design and maint-

enance. The helicopters, acquired a few years ago under a British aid package, have now been involved in five accidents and paceengers have often expressed fears about flying in them. All-the Westland heli-copters are operated by Pawan Hans, mainly for use by the ONGC and other public sector concerns like Coal India. They are also used by state govern-IN THE wake of a fhirry of exchanges between Cairo and Damascus, common interests appear to be pushing Egypt and Syria together after a 12year estrangement.

1.700 professional people cov-ered in one survey were poten-tial emigrants before the June crisis in China. Mr P.G. Manle, would emigrate again. Survey answers provided by 224 companies showed that the

past president of the institute, estimated that this figure is estimated that this figure is now around 70 per cent. Even before June, only 26 per cent of the total were clas-sified as "potential stayers" who did not plan to leave. The actual number ultimately stay-ing, however, is much higher because of immigrant quota systems operated by counties

Hong Kong lends out brains to stop drain

sory, manager professional grades. systems operated by countries such as Canada and Australia. More than 60 per cent of the emigrants experienced lower emigrants experienced lower purchasing power abroad, and around the same proportion had to drop seniority when accepting jobs. Of 130 people in the survey who have returned to Hong Kong, a third had left spouses abroad, presumably to

panies granted leave. Emigrants from about 30 per cent of the 224 companies were able to organise jobs through their companies' overseas sub-sidiaries and branches prior to leaving Hong Kong. The per-centage was highest (42 per cent) in transport, communica-tions and professional services. During the past few years companies have started "local-isation" programmes, aimed at replacing expatriate staff with worst hit sector is finance, replacing expatriate staff with local ethnic Chinese in readi-ness for 1997. The survey

such programmes, and that 28 of these had been slowed down in 1988 by the exodus of pass-port-seeking Chinese staff. Localisation schemes in marker 50 per cent of commes

nearly 60 per cent of compa-nies in the wholesale, retail, export-import and hotel and restaurant sector had been hit.

John Elliott reports on why colony companies are finding their best staff jobs abroad The figure in finance, property and services was 43 per cent. But relatively few companies had hired more expatriate staff to fill the gaps - only ? per cent overall.

JAPANESE and Soviet negotiators trying to drait a treaty to end formally their World War II hostilities yester-day wound up talks with "absolutely no new points of contact," a Foreign Ministry official said, AP reports from cent overall. The more common solution was to offer higher salaries and speed up internal promotion.. This was most difficult to achieve in middle management, especially in manufac-turing and it also led to prob-lems of people being promoted beyond their competence and Although both governments have expressed a desire to improve their chilly relations, the Japanese official said nei-ther was willing to compro-mise on a territorial dispute over several islands in the southern Kurile chain held by the Southern Kurile chain held by put strains on training.

"There are many associated personnel problems, such as individual managers developing shorter term orientations as they begin to consider the emigration option," says the survey report. "They may have less commitment to the long-term growth and success of the company." Commons criticism, Page 8

CHINESE university students standing to attention during military and political training which was made compulsory for them after the crushing of the pro-democracy demonstrations last June.

establish residential status,

and 58 per cent said they

The stepping up of "political re-educa-tion" at all levels of society was emphas-ized yesterday with the announcement that military leaders, reversing recent efforts to turn the People's Liberation Army into a modern professional fighting

rif, the Egyptian Information Minister, spent three hours in

talks with President Assad of

Syria, delivering a personal let-

ter from Egypt's President Mubarak. He flew back to

Cairo with a return missive

have followed a dramatic love-

hate course rare even in the annals of inter-Arab politics. Merged into a United Arab Republic from 1858 to 1961, the

countries combined forces to

attack Israel in 1973. But after

By Lara Marlowe in West Beirut

Egyptian-Syrian relations

from Mr Assad.

force, have approved a document making political purity the main requirement for servicem

The official New China News Agency quoted Commander Liu Huaging, recently amed vice-chairman of the party's Central Military Commission, as saying: "The top priority for the army is to ... obey the party's direction at all times." The hierar-chy resolved to "guarantee that the bar-rels of the guns are in the hands of politi-

cally dependable people". Soldiers were previously subjected to heavy indoctrina-tion, but the loyalty of some was known to have been shaken by June's events. Then, many troops first believed they were on manocuvres, not deployed to suppress e popular mover Chinese President Yang Shangkan

arrived in Egypt yesterday on his first official foreign visit since the Peking massacres, Reuter reports from Cairo.

will not buy foreign products, for which Arab substitutes are available. Bilateral trade is

will be the first Soviet presi-dent to do so. Foreign, Ministry, officials said their expectations for any new developments were low going into the talks. The Japanese official who briefed reporters said most of the seven hours of talks dealt the seven hours of talks dealt

In return for this lukewarm

Egyptian support for its role in Lebanon, Syria has offered tepid enthusiasm for Egypt's

Israeli peace. Assad has said that while he does not posi-

tively like the Baker plan

Egypt and Israel have endorsed, he will not erect obstacles to implementation.

Recent months have seen a rapid warming of Egypt's ties with another former enemy,

Libya has amounced that it

efforts to promote Palestini

gade, General Michel Aoun. Cairo has also turned down calls for a Syrian withdrawal from Lebanon and backed the legitimacy of President Hrawi's

already running at a volume of \$10m a month, according to

Egyptian press sources. Egypt's relations with

other Arab countries are now

excellent. Mr Mubarak'e ear-nestness and emphasis on

practical steps for unifying

Muharak emerging as the nice guy of the Arab world, Syria risked being further marginal-

ised. Sadat must be grinning in his grave. He always said the Arabs would return to Egypt

on its terms, not the other way

meind

Egypt and Syria may end 12-year rift By Max Rodenbeck in Calro the late President Anwar intended for Lebanese rene-

Sadat's accommodation with the Israelis, which led to the signing of the Camp David accords in 1978, ties quickly withered.

Egypt had betrayed the Arabs

for a separate peace and spear-headed Egypt's isolation from

the Arab world. Now, with trouble in its Leb-

anese backyard, chill winds of

indifference blowing from a Moscow and increased muscle-

flexing from neighbouring

arch-rival, Iraq, Syria is in some need of regional friends.

Enter Egypt. Ignoring its alliance with Iraq. Cairo is said to have blocked passage

through the Suez Canal earlier

this year of Iraqi weapons

sity or other post-school quali-fications, and were in supervi-sory, managerial or Such people are increas-ingly difficult to replace as the brain-drain gathers pace. Approaching 20 per cent of the companies granted them special leave of absence in an attempt to lure them back later. This figure is now likely to be higher and was most prevalent in manufacturing showed that 31 per cent of the responding companies had prevalent in manufacturing where 30 per cent of the com-

property and professional ser-vices where the emigration turnover, as a proportion of the workforce, was 1.53 per cent in 1967 and 2.21 per cent in 1983. The majority of those leaving were aged 25 to 39 with univer-

s will continue to be heard by the Supreme Court.

The so-called Islamic Judicature Bill, which runs to 108 sections, has taken seven years to draft. A spokesman for Golkar, the Government's party, said the new bill was "based on a common understanding to pre-serve national unity". It had earlier been criticised by nationalist and Christian elements, who fear it could mean the revival of the 1945 Jakarta Charter, the rejected draft constitution which sought to make Islam Indonesia's state religion.

AUSTRALIA'S central bank

said yesterday it had allowed

market cash rates to rise in

November because it was

unwilling to validate an early rally in domestic interest rate

markets, AP-DJ reports from

While partial economic indi-cators issued last month "con-

firmed earlier asseasments of

some further slowing in domes-tic demand," the economy had

not slowed sufficiently, the

central bank said in its Decem-

Canberra.

of the Nadhatul Ulama, the largest and most influential Moslem group. In another development there is even talk the President may perform the Hoj to Mecca next year, appro-priate perhaps for the leader of the world's biggest Moslem country.

Australian rates explained

target is the country's moder-The acquisition of the West-land helicopters was the sub-ject of controversy three years ate Moslem mainstream, which represents the largest constituency in Indonesian politics. ject of controversy three years ago. They were considered and rejected by the Indian Minis-try of Civil Aviation, but their purchase was later approved by the Cabinet after the then Prime Minister, Mr Rajiv Gandhi, intervened in the mat-ter after talks with Mrs Mar-garet Thatchet. With an eye on elections in 1992 President Suharto made a high-profile appearance last month at the national congress

garet Thatcher. Singh to seek Punjab accord

MR V.P. Singh, the Indian Prime Minister, took his oath as a member of the new parlia-ment yesterday and pledged to seek a political solution to the bloody battle for Sikh indepen-dence, AP reports from New Delhi. But Sikh militants MPs prefused to take oaths of allerefused to take oaths of allegiance.

lower coet pressures and import levels," the central bank said. It was not immediately known why the radicals stayed away from the swearing-in cer-The yield on 90-day bank bills fell to 18.0 per cent by the end of the month from around emony, but militant sources in the Sikh holy city of Amritsar 18.40 per cent at the end of said they want the govern-October and the yield on July 1999 bonds fell to around 13.1 ment to rescind anti-terrorism laws and withdraw paramili-tary forces from Punjab. per cent from around 13.6 per

MR SELIM al-Hoss, the Lebanese Prime Minister, said yesterday that he still believes Christian General Michel Aoun can be removed from the presidential palace by peaceful means. In an interview with the Financial Times on the eve of his departure for ths Euro-

Arab meeting in Paris, he called on France and the Vatican to use their influence over Lebanon's Maronite Christians

for the reunification of the

which his community looks to," he said. "Iraq may have stopped help-ing him, but they are not pres-suring him to go. More impor-tant are the Vatican and France. We are counting on the Arab League to help with the

Vatican." King Hassan of Morocco was scheduled to meet with Pope John Paul yes terday. "The British, Ameri-cans and Soviets have been impeccable in their support. There have been loopholes in

the French position which Aoun has exploited," Dr al-Hoss said.

short of violence. Now (Gen

no contact with a Lebanese ambassador anywhere in the world

"We are working on a new passport. What country in the world will accept his passports when they recognise our authority? This is the weapon

of legitimacy. "It is a very powerful weapon. I don't want to hurt the ordinary citizen. We are being selective with our mea-

the Italian non-governmental organi-

Surplus maize is sold to a state-

years been part of the pattern of settlement life, and its health

authority cites long-term psychiatric difficulties among his leading con-

.. .

cerns.

longest wars.

with the Soviet claim to histor ical and legal invisdiction over the islands, which they say have belonged to Russia since the late 18th century and were Arabs to confront the chal-lenge of Europe in 1992 have earned respect. Clearly, Mr Assad feared that with Mr defined as Soviet territory by the Yalta Conference in 1945 and the San Francisco Peace. Treaty of 1951.

Japan claims that the islands have been an integral part of its territory since ancient

Tokyo insists a treaty signed in 1855 and a treaty ending the Russo-Japanese War in 1905

give it rightful ownership. Yesterday's talks were the fourth round of discussions begun in last Decamber. Both sides agreed to hold the next round before Mr Shevardnadze's visit.

S African court frees policeman

A SOUTH African court yesterday ordered the release of a white former policeman who was suspected of being connected with a death squad-that allegedly murdered anti-apartheid activists. Requer

The Johannesburg Supreme Court ordered that formar detective sergeant Calla Boths be freed from detention after his father applied for his release

The judge ruled there was not enough evidence linking Botha to any organisation involved in assassinating antigovernment activists.

There has been some infor-mation exposed on these Mation exposed on these organisations but the link hetween these organisations and the detainee is not strong enough." Judge J.C. Kriegler said in his judgment. Mr Botha's release is likely to fuel a public outcry for a judicial inquiry into charges by three former policemen that officially superiored death

officially sanctioned death squads within the police were

squars within the police wate responsible for murdering scores of anti-apartheid figures in South Africa and abroad over the past decade. The independent Human Rights Commission in Johan-nesburg estimated that more than 60 anti-apartheid activists have been killed inside South Adrica aince 1978. Africa since 1978. Police have failed to solve

any of the murders.

Angolan refugees find morale is slipping after 23 years Nicholas Woodsworth reports from a camp in Zambia where dashed hopes for a peace settlement have dealt a hard blow

USTOMS officials at isolated frontier posts in the African busb are not renowned for their warmth of hospitality. Wary travellers know that the smile that travellers know that the shile that greets them in such places is more ofteo than not the rapacious smile of a waiting predator, and feel fortu-nate to emerge from these encoun-ters with their possessions intact. So quiet has life become at the Zambian border post of Chivuma on a remote stretch of the Angolan

frontier, however, that customs personnel are genuinely glad to see any-one at all; they ask only for ciga-rettes and a bit of company.

'Ever since Unita guerrillas blew up the government customs post on the other side and took over the territory there, things have been very dull", says one official who spends Chivuma's hot, quiet afternoons sleeping in the shade of a mango tree. "In the last year and a half we haven't had a single crossing. There is nothing for us to do here; we just sit and wait for the war to end." Eighteen months of sitting and

waiting for the Angolan war to may seem a long time, but the cus-toms men at Chivuma can count themselves lucky. At the Mayukuyu-kua Settlement Camp deep in the bush of the Zambian interior, many of 2,500 Angolan refugees have been waiting for 23 years.

waiting for 23 years. Mayukuyukua is the oldest refu-gee camp in Zambia, a country which over the decades has accom-modated refugees and political exiles from Angola, Mozambique, Namita, and South Africa. Set up by the Zam-bian Christian Refugee Service (ZCRS) as a "temporary" camp in 1966, it was built to house Angolans fleeing combat between Portuguese fleeing combat between Portuguese colonial troops and guerrillas of the rival MPLA and Unita independence

Although the MPLA came to power a decade later, its war - and power a decade later, its war - and the wait for Angolan refugees in a growing number of camps in Zam-bia - was far from over. Fourteen years after independence and contin-ued fighting with forces of Jonas Savimbi's Unita, the Angolan Gov-ernment's hopes for national recon-ciliation are still not realised. "Many of us were very excited when we heard that (Angolan presi-dent) dos Santos and Savimbi had finally shaken hands at Gabadolite

in June", says Mr Abraham Kasaza, the camp chairman, who was eight years old when his parents led him over the Zambian border in 1968. "Now that we know that they are still fighting, we are bitter and dis-sappointed."

Bresidents dream of returning to Angola. With the passage of years, Mayukuyukua has by gradual stages transformed itself from a tem-porary camp of expectant Angolans into a permanent settlement of state-less individuals with less and less of sense of identity. Even for many older residents

with strong memories of former lives, Angola has ceased to be home. Mr Samzuza Kangai, one of the set-tlement's nine headmen, is now well into his 70s. For years he lived in the same but now compliant that has same hut, now crombling, that ha built when he arrived; he refused to erect a new one in the belief he would return to Angola at any time. But today he is busy on a

brand-new mud and theich structure he began to build at the collapse of last June's peace agreement. "Gaba-dolite was the last promise I shall believe in", he says. "My wife, brothers, and sisters have all died hera. So, too, will L" For the men and women who

came to the camp as children, Angola is just a hazy recollection. Speaking for most of his contempo-raries, Mr Kasaza says, "We feel more like Zambians, We'd like to ricit Aracla into the term visit Angola just to see it, but we know far more about life here."

For the children of refu-gees – more than 75 per cent of the camp's current population was born here – the notion of Angola means very little at all. In the camp's gov-ernment run primary schools, chil-dren are teught a Zambian curricu-lum in Lozi, the local tribal language. Few show any desire to go to what is for them a foreign country. What they all would like to do, though, is escape the narrow con-fines of a life spent in a refugee settlement

Camp children study harder and obtain better results than their Zambian counterparts; they regard edu-cation as the one passport out. But whatever their grades, their chances of moving up in life are slim. In theory a refugee can leave the

camp if he been guaranteed employ-ment outside; in practice, in a coun-try of 50 per cent urban unemploysations, including the Zambian YMCA, the Catholic Secretariat, and ment, jobs are handed out first to Zambians. Mr Samuel Kambundu is one of two Angolans to have grown up in Mayukuyukua and earned a university degree. Now 31, he is growing despendent about a career in business administration.

"All of us have the option of returning to Angola et any time. Some have, but the letters back are k are not sneouraging; the settlement camps returning refuções end up in are similar to this one, except there's less food. My chances for a job remain better here."

F or those who have decided to stay, life remains a struggle. When, after having provided emergency aid to the camp for more emergency and to the camp for more more than five years the ZCRS real-ised the refugees were in for a long stay, they withdrew their support. The Zambian Government allotted each family Zha of land for farming. After 16 years of intensive cultiva-tion, soil nutrients are exhausted and be plots which leat each used Current, renewed negotiations may lead to a final patching up of differences between Units and the MPLA. But no amount of peace-mak-ing can finally patch up the lives of these few victims of one of Africa's langest ways and the plots yield less each year. Although a number of aid organi-

S

with technical training and social programmes, the refugees are expec-ted to be economically self-support-As the camp possesses no vehicles, much of the small profits from both activities are eaten up in transport The main problem, though, remains one of morale. Heavy drink-ing, brawling and adultery have for

Aoun) has no contact with a foreign ambassador... He has

"There is a lot we can do SUICS.

country. "It would take unequivocal pressure from all of our friends in the world (to make Gen Aoun go), but espe-cially certain key countries which his community looks

Lebanese leader urges peaceful option on Aoun

WORLD TRADE NEWS

Ostilitie, Trade in services ECGD set for role in growing foreign markets meetings leave Peter Montagnon looks at the thinking behind the Government's export-credit reform announcement OR a low margin busi-ness such as short-term credit insurance, high ston overseas. Once it is established as a outlook and payment terms -to weed out the riskiest credit over the past two years. across Europe for governments to distance themselves from many loose ends More cuts, perhaps of some

By William Duilforce in Geneva

MEMBER countries of the General Agreement on Tariffs and Trade (Gatt) ended a year of talks on the liberalisation of the \$560bn (f350m)-worth of world trade in services yesterday with a 15-page draft text copiously laced with some 160 square brackets marking oints on which they still dif-

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Mr Felipe Jaramillo, chairman of the services negotiating group in Gatt's Uruguay Round, said he was not overconcerned. The brackets did not indicate

a high degree of disagreement, although they did illustrate the enormous load of work remain-

At their mid-term appraisal of the four-year Round last December, trade ministers instructed the group to "asseminstructed the group to "assem-hle" by the end of 1989 "the necessary elements" to negoti-ate a framework agreement on services hy the end of the Round, scheduled for next December The cervices group December. The services group will be the first of the 15 negotiating groups to resume work early in the New Year. A fundamental stumbling

block remains the poorer coun-tries' perception that develop-ment of their immature services could be thwarted hy high-powered competition from the big trading nations.

A basic difference persists over foreign services produc-ers' rights of establishment.

India yesterday listed Third World demands for guarantees on the transfer of technology, the right to provide incentive for domestic services and preferential market access for developing countries' exports of servic

clear.

need insuring against payment

short-term exports a year.

markets too.

The US has offered only "appropriate provisions" to assure an efficient and competitive services environment in developing conntries. The European Community has used more flexible language which nevertheless falls far short of satisfying Third World aspira-

Progress has been made in defining the principles to be embodied in a future agree-

ment and its scope. It is now almost certain that all internationally traded services would be covered, although special arrangements may have to be negotiated for financial services, transport and telecommunications.

Gatt's most-favoured-nation (MFN) principle, under which a benefit granted to one country is automatically extended to all others, would be incorporated into the agreement, although it is accepted that MFN cannot apply in air transport. Publication of relevant laws

and administrative guideline would be obligatory. Concess sions on market access would be "bound" - that is, govern-ments would not remove benefits once granted.

separate corporation, initially and rising turnover is the key to growing profitability. It is in this light that the thinking fully-owned by the Govern-ment, ECGD's short-term insurance division, hitherto able only to aupport UK exports, will be able to expand into a growing European mar-ket and compete head-on with behind yesterday's government announcement of reforms at the Export Credits Guarantee Department (ECGD) becomes

According to Mr Colin Fox-all, ECGD's director of short term credit insurance, the total potential market for his ser-'Dynamic growth can only be achieved vices in the UK is represented hy export deals worth not if the ECGD is able much more than \$30m a year. This is less than half of the total of UK non-oil exports, but a large amount of overall to offer its services in foreign markets export sales are intra-company too' transactions, which do not

default by the buyer, or sales by companies with their own in-house self-insurance. the likes of NCM, the Dutch agency which is already pri-vately-owned and shows every ECGD and its main domestic competitor, Trade Indemnity, sign of wanting to encroach on ECGD's own home patch. Moreover, Mr Foxall and his iready insure about £15bn in

colleagues are convinced that in the rapid underwriting sys-The narrowness of the ramaining market means in the rapid these which a sys-tem they have built up over the past three years, they have a product that should be highly competitive in the Eurodynamic growth can only be achieved if ECGD is able to offer its services in foreign pean context.

The important point abont yesterday's reform announce-ment from Mr Nicholas Ridley, Secretary of State for Trade The system relies on a quick computerised check on selected risk indicators - such as buyer's payment record, seller's claims activity, sectoral and Industry, is that it paves the way for just such an expan-

The safer ones get quick approval, which makes using ECGD attractive to exporters for whom speed of delivery is increasingly vital in winning orders.

Abont 80 per cent of all credit insurance applications are now processed inside 24 hours, compared with just 18 per cent in 1986. ECGD's competitors

system, which breaks with the past laborious practice of ana-lysing historic information in buyer halance sheets, has given it a cutting edge. Internal ECGD analysis sug-

gests that underwriting perfor-mance has been at least as good as on the old method; buver-loss ratio has actually ined; and there has been an increased take-up of insur-ance offers once credit applications have been processed. According to Mr Richard

Duggan, Managing Director of Trade Indemnity, ECGD's main ompetitor, competition in the European market means that the number of credit agencies could shrink from 24 to less than 10 eventually.

European companies have responded to this threat in two ways, be said in a recent ech in Brussels. There has been a tendency

short-term commercial risk insurance - and the distinction between domestic and export credit insurance has become increasingly hlurred. With yesterday's announce-ment, ECGD has been put in a

position to swim with this tide, instead of against it. As a result of the reform it dancy.

will also acquire a defence against any Brussels-inspired efforts to tighten up on the activities of state-owned credit insnrers under the stricter competition policy rules of the 1992 single market.

Yet a long administrative slog now lies ahead before its insurance division is ready to emerge as a separate company in its own right. It will have to develop

accounting system which fits in with the outside world. Given that it is to operate from the outset as if it were a private company, it must obtain a Department of Trade and Industry licence which will involve meeting required financial ratios, and arrange reinsurance and re-examine its labour requirements.

on privatisation, though the latter is understood to be the Yesterday's reform has been preferred approach. vigorously opposed by trade union officials who fear it will that the privatised part of lead to further joh cuts at ECGD's short-term division in ECGD would not have to take over some £600m in unrecov Cardiff. Already staffing has been cut by 250 to about 700 ered short-term claims cur-

150, are expected, though ECGD management officials say these would have been on the cards with or without yesterday's announcement and will be achieved by natural wastage rathar than rednn-

Competitors of the

system has allowed

Yesterday's statement gave

no indication about whether

the new company would take over a stock of existing busi-

ness (including claims). or whether it would start from

scratch on the basis of a government capital injection which would then be recovered

However, it is understood

it to win a cutting

that this novel

edge'

ECGD acknowledge

Finally, it also has to develop a business plan, which will detail its strategy for attacking the European mar-

Though this has been the main objective behind the reform proposals, there has been little precise thinking within the organisation as to how to tackle the new market. Meanwhile, the only poten-tial huyer of the short-term insurance business to have publicly expressed any interest to data is Trade Indemnity, which dominates the domestic credit insurance market in the UK just as ECGD dominates the export credit market. The two companies would

thus make a good fit, Trade Indemnity believes, as they could together offer "one-stop shopping" for credit insurance. ECGD officials say, however, that there are other interested potential buyers in the finan-cial and insurance world

ctal and insurance world. Not least because of the recent problems surrounding the Rover privatisation, the Government is unlikely to want to find itself negotiating

with any preferred buyer, Unlike Rover, ECGD has no substantial assets in the form of land holdings, but because of its Rover experience, the Government is expected to take a careful look at the valuation of ECGD before accepting a privatisation price.

rently outstanding in Nigeria. HIGH-TECH-HIGH-LIFE and the second nuila stara i una

Gulf leaders aim to speed drive for common market

By Victor Mallet, Middle East Correspondent

GULF leaders meeting for their annual summit in Oman this week are focusing on the need to move faster towards a regional common market, to increase their bargaining power in trade talks with the European Community.

The six nation Gulf Co-opera-tion Council, comprising Saudi Arabia, Kuwait, United Arab Emirates, Oman, Bahrain and Qatar, - has been talking with the EC over a proposed free trade agreement. In return for easing EC tariffs on GCC nonoil exports, particularly petro-chemicals, the GCC would phase out duties on its imports

from the EC. Discussions have been com-plicated by the vested indus-trial interests on both sides, and the lack of completely uni-fied GCC customs duties within the GCC or with regard.

ais, the GCC's Assistant Secretary General for Economic Affairs, said recently. "We want moral support from the summit for unified tariffs; we want its guidance regarding the timing of unification." When the GCC was estab-

lished in 1981, its members hoped for a common market by 1990, That goal is unattainabi hut this week's summit is expected to examine some steps to economic integration. They include easing restric-tions on property ownership for GCC nationals, increasing the list of professional qualifi-cations transferable within the GCC area, and streamlining GCC bureaucracy. "Golf-leaders will also try to consolidate the peace between Iran and Iraq. Some members,

notably the UAE and Oman

have kept up significant trad-

with Iran. Eve

e outs Although the aim is to abol-ish tariffs inside the GCC, exemptions are still allowed; Oman has been allowed to pro-tect its domestic industry with special tariffs on a number of

states which supported Iraq during the Gulf war have begun to fear Baghdad's resurmentalis commoditias, including cement. Between the GCC and

the ontside world, minimum "We want the summit to know the difficulties wa are Minister having," Dr Abdullah al-Qow- Affairs.

gent military power almost as much as Iran's Islamic funda-"We in this region are going through a very crucial stage on the road to security, peace and stability," said Mr Yousuf hin Alawi hin Abdullah, Oman's

Minister of State for Foreign

Austrian entrepreneur in Czech farm joint venture By Judy Dempsey in Budapest

A FORMER chairman of one of Austria's largest banks whose philosophy, even in the early 1980s, was to keen the eco-nomic door open to Eastern Europe, has set up a novel joint venture with one of Czechoslovakia's most success-ful and innovative co-operative ful and innovative co-operative

farms. Mr Hannes Androsch, former chairman of Creditanstall-Bankverein, but now director of Androsch International Con-sulting, and Mr Frantisak Chuba, one of the hrains behind Shusovice, a large farm in Moravia, have joined forces to expand the farm's export activities. activities.

The choice of Slusovice was influenced by the farm's radical shift in direction over the past decade, in which it moved away from producing agricul-tural goods and breeding live-stock, to diversifying into electronics and computer

Backed by Mr Lubomir Strougal, the then Prime Minis-ter of Czechoslovakia, the farm became a model of efficiency and profitability.

Under the terms of the ven-ture, backed by a start-up capi-tal of Sch4m (£205,000). wherehy Slusovice will hold the 51 per cent majority share, Androsch will find Western pariners and markets for its Moravian clients, as well as advise it on potential hard-cur-

But unlike other joint ven-ture agreements, Androsch is keen to move away from short-term financing to longer term deals, preferring to follow through projects from concep-tion to completion.

We want to engineer pro-jects. Instead of going to the banks to seek finance for them in the early stages, we want to identify projects which will generate hard currency for

those companies themselves, and then we will seek the nec-essary financing," said Mr Thomas Jozseffi of Androsch International.

Many joint ventures in the past had failed directly to support perestroika or positively affect the East European consumer, he added.

 Allianz, Burope's largest insurer, has bought 49 per cent of the Hungarian state-owned Hungaria Bistosito, Reuter reports from Budapest. No financial details were given. Hungaria has about 44 per cent of Hungary's insurance market. Allianz said it was the

first Western insurance com-pany to take a major stake in a Hungarian insurance firm Hungarian insurance firm. Metallgesellschaft and Korf of West Germany have agree with Okue, a Hungarian steel company, to form a joint ven-ture in Hungary, Metallgesellschaft said, AP-DJ reports from

The joint venture, Ozder Stahl AG, will take over the remaining steel production lines of Okue and operate them after drastic modernisation, the German metals group said. Okne's other steel facilities are

set for shutdown. The two German partners will hold 50 per cent of the joint venture, the rest to be owned by Okue.

· AEG of West Germany has agreed in principle to form a joint venture with VISB Loko-

motivban Elektrotechnische Werke Hans Beimler (LEW), an East German engineering company, AP-DJ reports. The new jointly owned unit is to develop, produce and market train systems. The West German electron-

ics and engineering group, a unit of Daimler-Benz, said it is assuming legal preconditions for such a venture will be created in East Germany soon.

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UK NEWS

-5 1978

The flywheel of the British economy begins to slow **Electricity chief** resigns over curb on nuclear power

By Maurice Samuelson

LORD MARSHALL is to be paid \$250,000 (\$400,000) compan-sation for giving up his job as chairman of the Central Elec-tricity Generating Board in protest at the Government's curbs on expansion of the

Mr John Wakeham, Energy Secretary, disclosed the sum yesterday when he announced thet Lord Marshall, 57, had resigned as chairman of the CEGB and chairman designate of National Power "because of recent developments on

recent developments on nuclear power". The pay-off, to be made by the CEGB, was criticised as excessive by Labour MPs yes-terday. During parliamentary question time, Mr Alan Wil-liams said Lord Marshall's "golden handshake" would cre-ate "a cense of porral outrage ate "a sense of moral outrage throughout the country". His advice on nuclear power "and the dishonest costing of nnclear electricity" had cost

"billions of pounds". Lord Marshall's salary was £110,000 a year and his contract would have lasted another 2% years had it not been for the Board's forthcoming breakup and privatisation.

As chairman-designate of Netional Power, the CEGB's biggest successor company, he could have expected an even higher salary once it had entered the private sector. However, the Government had made it clear that there was no future for him in the

the East of England.

slow, bringing a five year period of fastest ever growth in consumption to an end. November marked the fifth successive month of poor sales. Mr Hugh Clark, assistant direc-tor general of the Retail Con-sortium, said yesterday. "Trad-ing has not turned markedly better ahead of Christmas," he said, adding: "In the new year I've got no reason to expect trading to get much better: reorganised electricity industry. For example, he was not invited to stay in charge of the nuclear sector after the deci-sion to keep it in public owner-His resignation from the CEGB had been expected since November 9 when the Govern-ment decided to keep all the

trading to get much better; retailers are facing a tough situation." Just how much spending nuclear power stations in the public sector and to abandon alows will decide whether a parlous Christmas is a fore-taste of a grim 1990 not only for the retail sector but for the plans for the construction of three pressurised water reac-tors, while completing the first PWR, currently under con-struction at Sizewell, Suffolk in economy as a whole. Knowing this is of vital importance not only for high

Lord Marbshall had expected part of his job as chairman of National Power would be to carry out the PWR programme street shops, whose livelihood depends on the consumer, but for manufacturers who make the goods people buy. It is also important for the policymakers - its cancellation, widely interpreted as spelling the end of Britain's nuclear power at the Treasury and the Bank of England who have to advise Mr John Major, the Chancellor industry, made his departure inevitable. of the Exchequer, when he can

economy that slows regardless of whatever else happens." Last week's retail sales fig-ures showed that the volume of

sales in the three months to November were just 0.25 per cent higher than in the preced-ing three months - the same comparison this time last year showed sales 1.5 per cent higher while recent survey findings paint e gloomy picture for the 1990 outlook.

Retail sales figures are an important indicator because they account for about 40 per cent of total expenditure by consumers. Consumer spending in turn accounts for about 65 per cent of gross domestic product - the higgest single component of demand in the economy.

Each year consumers spend nearly 3% times as much as companies and government invest; their expenditure is also nearly 3% times as hig as central and local Government spending put together. Changes in the behaviour of the consumer can mean the difference between growth and

Consumer spending, the flywheel of the British economy has beginn to slow, bringing a five year percent bank base rates consumer to show, bringing a five year between the structure of the struc 0 20 confidence

Simon Holberton looks at consumer spending in the Christmas period and at new year predictions

recession. Recent surveys indicate that the consumer may be planning to curb expenditure quite dra-matically. The trend has been captured in the retail sales fig-ures but it is far more stark in the survey of consumer confidence conducted monthly by Gellop, the public opinion poli-ster, and by the Financial Times/Confederation of British Industry (the employers' organisation) distributive trades survey, also monthly. Consumer confidence, as measured by Gallup, stood at its second lowest level since

1978 last month. Its lowest level was in October when interest rates were raised to 15 per cent. Retailers' responses

to the FT/CBI survey indicate they have been sensitive to the changed outlook of the consumer. In November retailers said they expected to place

30

said they expected to place their lowest ever amount of orders with suppliers since the survey began in 1983. The Gallup survey is regarded by economists at Goldman Sachs International, the London arm of the US securities house, as a good advance indicator of trends in consumer spending, a view held at the Treasury as well. If the survey's past relationship with consumer spending holds true for the current period true for the current period then growth in spending may not only cease but actually fall. "If consumer spending

growth goes negative then the rest of tha economy has got to do a lot to keep growth posi-tive overall," says Mr Devid Walton, an economist et Gold-man. On past behaviour, com-panies may cut investment spending and reduce their holdings of stocks and, if that happens, then you'll have a savage downturn in activity." There are a lot of "ifs" here and many of them depend on not only how much the con-sumer spends but how much he saves. Savings as a percent-age of income have fallen dra-matically in the UK during the 1908. From 1994 until 1988 the savings ratio fell from 10.6 per cent to 4.4 per cent, despite

the community to save more at the current stage in the eco-nomic cycle could further slow

activity. A collective attempt by the

community to increase their savings would result in reduced economic activity and

would ultimately produce less savings. But will the consumer embark on this course of

"Real income growth will remain firm and export growth will be strong. Wa don't think consumer confidence is bro-

ken." says Mr Shepperd of Warburg. "We will see hower spending on interest rate sansi-tive goods such as durables, but spending will remain buoy-ant on more basic items like food and clothing." Mr Walton is less confident the consumer's spirits will stay high enough to keep spending growing. While reat incomes will keep growing next year the threat of unemployment may prompt people to save, thereby raising the risk of recession, he says. savings rano fell from 10.5 per cent to 4.4 per cent, despite large rises in income. Under the current high inter-est rate regime, savings have become more attractive. Although saving is seen as a desirable attribute, a move by

thereby raising the raw us recession, he says. For him, this is where the interest rate decisions Mr Major takes are crucial. Over the past decade there has been a good inverse correlation between the dirocting in which both interest rates and con-

both interest rates and con-sumer confidence move. Confidence grew in 1981-82 and during 1988 but with the Government's concern about inflation and the need for a firm exchange rate, Mr Major may be reluctant to cut inter-est rates until the middle of next year. next year.

next year. The consumer has been pillo-ried for not saving enough and spending too much, for, in short, getting Britain into an overheated state. But if the UK wants to avoid the opposite problem, recession, it seems as if the consumer should take heart from Saint Augustine: "give ma chastity and conti-nency, but not yet."

Construction output to fall 3 per cent

By Peter Marsh

THE TOTAL VALUE of Britain's construction output is likely to fall by 3 per cent next year, according to the latest in a stream of gloomy forecasts for the sector.

The study, from the National Economic Development Coun-cil, says that steady increases in output by the industry over

in ontput by the industry over the past few years have already peaked. The decline in revenues for the sector next year is likely to be followed by a modest uplift in 1993, wholly due to a modest rate of growth in repair and maintenance work. maintenance work.

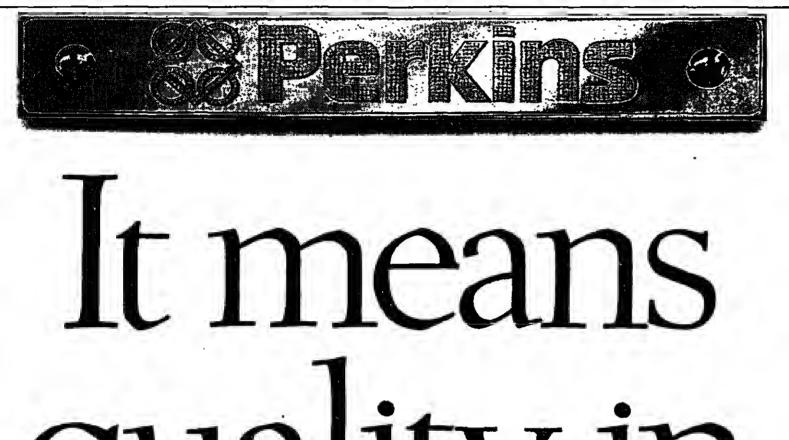
According to the report, total construction will be worth 233.3bn next year, compared with 234.5bn in 1989 and 533.2bn last year, all figures being expressed in 1965 prices. The report indicates further difficulties ahead for Britain's

bard-pressed housing sector. Soma 160,000 private houses will be started this year, 57,000 fewer than in 1988. In 1990 the number is predicted as falling 0 195 000

recovering in 1991 to 160,000. According to the forecast, the high cost of mortgages is not likely to become noticeably lower until 1991 at the earliest. That will continue to inhibit first-time buyers from plunging into the bousing market, adding to the current slow-down in the chain of house sales and contributing to the laggardly state of the overall

Commercial construction is likely to face much better than housing in terms of output, the study suggests. The recent high increases in output in this area are; however, unlikely to be kept up over the next few years and the report says they will hover around "a high pla-team" over the next three years with industry inflation run-ning at higher levels than averning at higher levels than average.

Construction Forecasts 1989-91, Joint Forecasting Com-mittee, National Economic Development Office, Millbank Tower, Millbank, London



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Londonderry wins £65m investment By Our Belfast Correspondent

Isle of Man to be sacked By Ian Hamilton Fazey

LONDONDERRY, Northern Ireland's second city, received its biggest investment boost this century yesterday with the announcement of a £65m pack-age creating 1,400 jobs. O'Connell Development, the Massachusetts - based US com-

pany specialising in presti-gious water front develop-ments, is undertaking the project which will double at a stroke tha city's retailing

capacity. US investment will be between £25m and £30m and work in the complex will start towards the end of 1990 and take two years to complete. The package includes a shop, ping centre, offices and a mul-ti-storey car park. Marks & Spencer will be the main benant of the shopping

main tenant of the shopping centre, which will have 260,000 square feet of retailing space and 60,000 square frewet of office space. The estimated development costs are £32m in retailing and car parking, \$4.6m for offices and £28m in fitting out costs by tenants. The American investment arises from the Derry-Boston

initiative launched two years ago with the help of local MP Mr John Hume and US civic ntatives

The objective is to strengthen links between the two cities and help tackle chronic unemployment. Announcing the development Mr Richard Needham, the Mr Richard Needham, the province's Economy Minister, said: "Today there is a new mood of confidence in Londonderty. Things are hap-pening. I share that mood of confidence and I am sure that this fine city is poised to march into the 21st century in better shape than at any time

march into the 21st century in better shape than at any time in its iong history." As well as their Derry opera-tion M&S is opening e further two stores in the province at Ballymena. County Antrim, and Bangor, County Down. Bangor got a further boost with a tourism grant of £3.25m from the European Regional Development Fund to pay for work to its sea front and Northern Ireland Electricity is getting £3m to help upgrade getting 23m to help upgrade the system for industrial cus-

minister likely A CABINET reshuffle on the

Isle of Man to be announced today is expected to centre on the sacking of Mr David Can-nau, the Finance Minister who has presided over tighter regu-lation of the offshore centre and the explosive growth of its finance sector.

Mr Cannan, who has made many enemies in his campaign to improve the island's image, was personally responsible for bringing in expert help in 1986-87 from the Metropolitan Police to investigate the col-lapse of the Savings and Investment Bank four years previously with £42m (\$67m) of depositors' funds.

The investigation led to charges against the bank's principals and their trial will begin next year.

begin next year. The collapse forced the island to tighten up its licen-sing, regulation and supervi-sory machinery. It did this so effectively that it became the first offshore centre to win designated status under the UK's Financial Services Act last year, indicating a compa-rable, if not superior level of investor protection. The new laws ancoursed

The new laws encouraged large numbers of financial services companies to set up operations and take advantage of the Isle of Man's 20 per cent corporation tax and tax-free operation for some insurance

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Mr Donald Gelling, a farmer who is the present Agriculture Minister, is expected to be named as his successor.

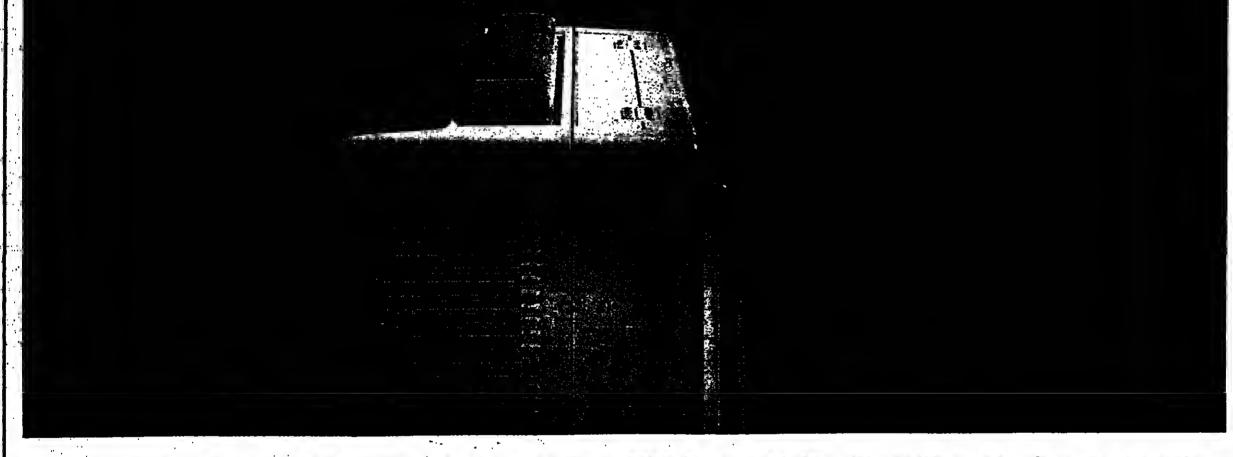
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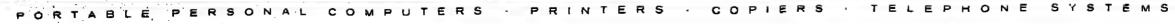
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UK NEWS

Court case opens into Zeebrugge disaster COMMITTAL proceedings began yesterday at a London magistrates court against P&O European Ferries-formerly Townsend Thoresen - which is charged with corporate manslaughter as a result of the deaths of 193 people in the Zee-brusem farm discrimination in the Zee-tor the deaths of the second secon

By Michael Cassell, Political Correspondent

MRS Margaret Thatcher, the

Prime Minister, is today expec-

Government prepares package to underpin confidence in the colony

Hong Kong plan for immigrants

The case is the first prosecution in England for corporate manslaughter and justify the case going on for trial in a who died.

higher court in front of a jury. If found guilty, the company would be liable to an unlimited fine, while the indi-viduals could face maximum sentences of life imprisonment. The summonsest against the company and the seven defendants accuse them of the manulanghter of four of the people who died

are that the government intends to adhere largely to proposals drawn up last week, before the prospect of a rebel-

other doubters could be per-suaded to accept the plan as

the best way of anchoring key workers in the colony.

BSB will be launching more

Television began broadcasting. Latest estimates suggest that around 400,000 homes are

in Paris

TWO DAYS of talks on the problems of fishing around the Falkland Islands opened in Paris yesterday between dele-gations from Britain and Argentina, writes Ian David-

son. The UK hopes the talks will lead to co-operation between the two governments on the conservation of fish stocks around the islands.

The talks are a direct conse-quence of the breakthrough high-level meeting to normal-ise relations in Madrid in Octoher.

lion had emerged. Mrs Thatcher yesterday held a regular meeting with party whips at Downing Street, at which the prospect of a Tory rebellion was raised. Security experts from the two governments met in Montavi-deo. Uruguay, earlier this month and agreed to examine military confidence-building measures around the islands. It was apparently accepted that some MPs would continue to reject any loosening in the immigration laws but that

Debt payments on track The UK Government borrowed an estimated £100m last month an estimated violation for track to pay hack \$12.5bn of public debt in the current financial year. Official figures show that in the first eight months of 1969-90 the Government paid back £3.1bn of official debt, half the level repaid this time

last year Excluding privatisation receipts, the Government has repaid £100m so far this year,

repaid £100m so far this year, compared with £1.2hn in the first eight months of 1968-69. In the March Budget, the Treasury said it supected to repay £14bn this year, although Mr John Major, the Chancellor, has reduced that estimate to £12.5bn.

House prices depressed

House prices in London are unlikely to begin to rise again until May next year, the Royal Institution of Chartered Surveyors said.

Phone service cut off

One-to-one phone services where companies offer conver-sations with their employees at a premium rate - provided by Contel, a Manchester com-pany, have been cut off by Brit-ish Telecom on the instructions of the Office of Telecommunications, the industry watchdog.

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Threat to drugs groups

Big UK drugs companies are likely to face an increasing threat over the next five years. from rivals selling cheap generic copies of their prot-

ucts. However, the new formula-tions the big companies are developing are sufficiently

colony. In a letter to Mr Hurd, Dr ted to meet senior ministers to endorse a package of propos-als including a relaxation of immigration rules likely to Robert Runcie, the Archbishop of Canterbury, called on the Government to balt the enforced return of boat people cover more than 150,000 Hong Kong citizens - intended to underpin confidence in the colin the short term, although he acknowledged that would only happen if other countries ony. With the Government indichelped in seeking a solution to Hong Kong's predicament. The letter, the full text of which has not been released, is said to call on Britain to accept ating that it will press on with its highly controversial plans, aimed at encouraging essential businessmen and professionals to stay in Hong Kong beyond 1997, the details should be * 100,000 sq ft leasehold premises in Ebbw Vale, Gwent, South announced tomorrow to the House of Commons by Mr Douglas Hurd, the Foreign Secretary. As ministers prepared to ride out the threatened backbench rebellion among some Tory * Capacity to manufacture 2 million nappies per day. * Computerised sales order, production, stock control and

MPs over any relaxation in immigration procedures, the government yesterday came under renewed attack over the

a substantial number of boat people before next month's planned meeting in Geneva of the UN steering group on refu-gees. Dr Runcie says that failure to act would represent a "shameful indictment" of the international community and

particularly of Britain. Downing Street refused to comment on the detail of the letter, choosing instead to

emphasise that, in repatriating some boat people, the British Government was following to enforced repatriation of Vietnamese boat people from the the letter the international agreement of first asylum signed in Geneva and adopted

by nations around the world. The repatriation programme, which has been temporarily suspended since the first Vietnamese were returned homs from Hong Kong last week, will be at the centre of what promises to be a highlycharged Parliamentary debate today. 1t appears unlikely, however, that Mr Hurd will use the occasion to announce a departure from the govern-ment's existing stand on the issue.

Ministers now appear to have accepted that new legisla-tion will be necessary and that it will need to be brought for-ward in the currant parliamen-Despite the possibility that a sizable core of Tory MPs might, depending on the numtary session. Those included in bers involved, vote against the proposed package of rights to be extended to some Hong the plan are expected to be granted full British passports, which would be made available Kong residents, the indications before the next election

new year. Delays with the the venture to launch but it

> satellite signal forced BSB to postpone a scheduled Septem ber launch Although BSB executives now believe a programme ser-vice can be launched in March or early April it is less clear

also amounts to a tacit accep-tance that it will be difficult to raise large sums of money from new investors until the satellite station is fully up and than s year after Mr Rupert Murdoch's four channel Sky

In the past few days BSB has formally "signed off" prototype microchips needed for the receiver equipment. As a result

has always been envisaged that further large sums would be needed before there was any chance of breaking even. The fact that existing share-

holders are being asked for sig-nificant sums of money now

There is, however, growing confidence at BSB which will be taking on Mr Rupert Murdoch's four channel satellite service Sky Television which launched in February.

receiving satellite television direct through individual dishes and when cable networks in the UK and Ireland are included around 1m homes mass production of the chips is expected to begin early in the are able to watch at least some of the Sky channels.

Eurotunnel says two

essential chips needed to scramble and descramble the



running.

to buy two satellites and such things as film rights and take

industrial group that owns the Financial Times, Reed Interna-tional, the publishing and

financial stability of BSB, it is being argued, would help Mr Bond sell his BSB stake at

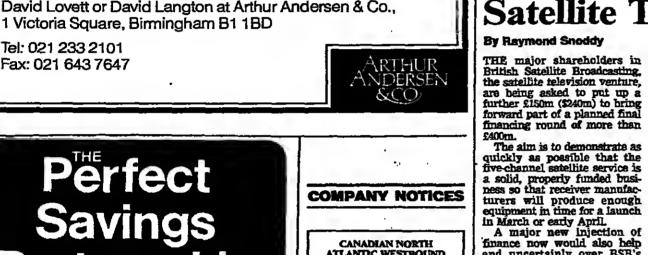
cult to bring in other new shareholders. The £423.55m was designed

Bond Corporation contrib-uted 35.8 per cent of the £423.55m so far committed to

Satellite TV venture seeks early £150m BSB whose other major shareholders include Granada, the television and leisure group, Pearson, the publishing and

information group and Char-geurs, the French transporta-tion company. Enhanced confidence in the

something approaching its face value. If Mr Bond was forced to sell at a bargain basement price it could have a disruptive impact on the other shareholders who have had to pay the full amount and make it diffi-



CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE NOTICE TO SHIPPERS AND end uncertainly over BSB's largest shareholder, Mr Alan Bond's troubled Bond Corpora-CONSIGNEES FREIGHT BATES TO CANADA tion, which is trying to sell its stake in the satellite venture.

The Monther Lines of the above Confer-ence operating services flows parts in the Outstel Kingkow, Northern Irebund and the Republic of Ireland to Constinue Maritime, St. Latvenne Röter stud Grout Labers Ports have to advise Shippers and Consignees thus after commission with the Bainish Shipper's Consoli Ocean with the Bainish Shipper's Consoli Ocean a Freight, Rust Lowk will be incremed as follows effective La March 1990

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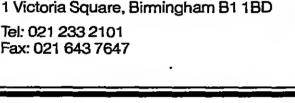
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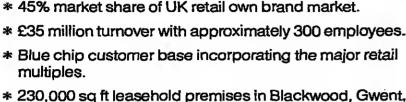
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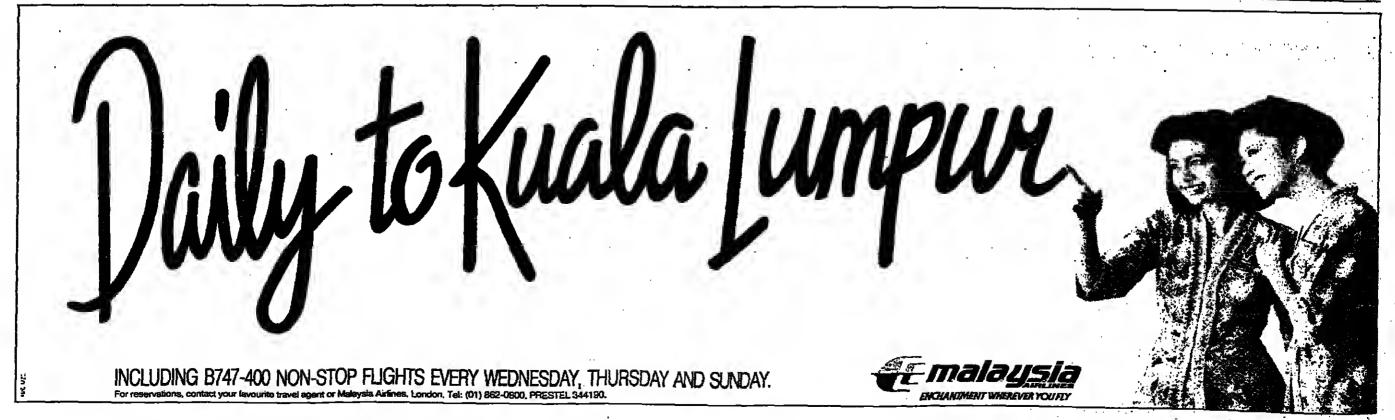
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TransManche wins



MANAGEMENT: The Growing Business

Dormouse Designs, a small manufacturer of teddy bears and other soft toys, is at a crossroads. The business has Specialist toy-makers grown steadily since it was set np seven years ago by Sue Quina and now employs six people (three of them parttime) producing turnover of \$100,000 a year. Quina, who trained as an

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illustrator, is wondering how to handle the opportunities for to namine the opportunities has further expansion which are now opening up. Demand for her soft toys, which sell for between £9 and £180, is strong and she is contemplating a move from her small workshop in Bridge of Weir, Renfrewshire, to larger premises. She also plans to attend next month's Earls Court Toy Fair in London for the first time and expects this to open up a

wider market for her toys. I have established a reputation for unusual, well-made tion for unusual, well-made soft toys," says Quinn. "I don't want to move into really large premises but I am planning for some careful growth at the upper end of the market." The modest expansion that Dormouse has already achieved has led Quinn to appeint one of her employees as workshop manager. This

as workshop manager. This allows Quinn to concentrate on design, administration, exhibit-ing at trade fairs and on mak-ing the limited editions of more expensive soft toys on which she has built her reputation.

Dormouse illustrates many of the challenges which face Britain's small craft-based toymaking firms. Even those making arms. Even those which have grown rapidly in recent years, sometimes treat-ing or quadruphing in size, remain very small companies.

S mail firms play a crucial role in the economies of both developing and developed countries but gov-ernment policies tailored spe-cifically for the smaller business do more harm than good, according to a recent study.*

In the earliest stages of eco-nomic development, self-em-ployment and small firms are an unportant part of the process by which a country devel-ops commercial skills, discipline and organisation, Graham Bannock, a consul-tant, and Martin Binks of Not-

tingham University argue. As larger, more complex business organisations emerge, small firms play a complementary role in performing tasks which are best carried out on a small scale. They also develop activities which may either be

Charles Batchelor explains the dilemma facing would-be growth companies Some, like Dormouse, have more effectively, their high ambitions for further growth, but many are content to remain small.

"We want to keep a crafts-manike approach," says Robin Brookes of Honeychurch Toys, a Market Lavington, Wiltshirebased manufacturer of dolls' houses which employs six peo-ple and has turnover of nearly £200,000. "We don't envisage growing much bigger. It is a question of maintaining congins.

designing eye-catching and imaginative toys from fabrics and wood many of the 130-plus members of the British Toy-makers Guild, of which Brookes is chairman, regard growth as posing a threat to their standards of craftsman-ship. "A lot of our members don't seem to be overly busi-ness-minded," comments Becky Sins, as the guild's first full-time manager.

full-time manager. Despite this caution the guild, which represents the smaller, craft-based toy-maker, is keen to take a stronger role in promoting its members' work. Subscriptions have been trebled to £60 and its second annual fair was held last month in Chelsea Town Hall, London. Brookes also wants the guild to play a more active part in helping members sell their wares.

£2,500, trains all its own crafts-But, even if Britain's small toymakers promote themselves men. Sue Russell, administra-tor of the £250,000 turnover

years to train a youngster in wood machining and carving skills. Stevenson Brothers is costs of manufacture mean their products are likely to remain too expensive to appeal to a very broad market. Brookes calculates it takes eight hours to make a eight years old and employs 13. Stevenson reckons that the British lead in the rocking ready-made dolls' house which horse arena and says that contimental competitors are only active at the cheaper end of the market. But in many other will retail for between £103 and £920. Honeychurch reckons to make most of its profit on its dolls' house kits; these are areas of wooden toys continental firms have built up a strong cheaper but carry better mar-Brookes has mechanised pro-

tal firms have built up a strong position throughout Europe. "There is a large market in Germany for wooden pre-school toys suitable for encour-aging a child's development," comments John Gould, teacher of toy-making at the London College of Furniture. "That is not exploited in this country." "When we go to the Nuremduction of the dolls' houses using drilling and cutting jigs but has gone as far as he can without detracting from their hand-made quality. He has also carefully calculated batch sizes to reduce the time needed to

to reduce the time heeded to set up machinery while ensur-ing a steady flow of work through the factory. The growth of the toy mak-ing sector is also constrained by a shortage of skilled train-ees. The London College of "When we go to the Nurem-berg Toy Fair people are dis-cussing the subject of child development," says Charlotte Cooke, joint founder of Tridias, a Bath, Avon-based chain of a Bath, Avon-mased chain of four toy sbops. "Go to the Earls Court Toy Fair and peo-ple are talking about margins and discounts." The relatively high prices which the small British craft-bacd toy companies are formed

Furniture takes 24 students a year on its part-time toy-mak-ing course but most go into teaching rather than joining a toy-making firm or setting up based toy companies are forced to charge mean that a growing number of firms make "collect-ibles" for the adult enthusiast on their own. Toy-making com-panies usually train their employees in their own special-ist skills. Stevenson Brothers, an Ashrather than toys for the play-

ford. Kent based-manufacturer of rocking horses costing up to "People only expect to pay so much for a toy," says Brookes. There are so many mass-produced things around and it to potential newcomers to the

company, says it takes two only takes a few minutes to press a toy from plastic." Honeychurch's sales used to be split equally between adult collectors and children bat Brookes estimates that 60 per cent of turnover now goes to the adult market.

Some toy-makers are unhappy about this swing towards the adult collector because they prefer to make toys for children. But one advantage of collectibles is that dsmand is more evenly spread throughout the year, rather than at the peak Christinterest rates. The trend towards collect-

"Most of this year has been taken np with meeting the new European standards," says Dormouse's Sue Quinn. "I have had all my toys re-tested." The fear among toy makers is that the new legislation will make it impossible for the toy-maker to experiment with one-off designs and will erect a barrier

40 Alan Herper Jill Honeychurch and Robin Brookes: adults a big market

> ful chemicals from the tanning process and had to be replaced, say's Christine Nicholls, joint founder of the 10-year old com-

pany. Nicbolls and ber business partner. John Hales, were, respectively, marketing man-ager and managing director of Chad Valley, a manufacturer of

a wide range of soft toys, games and printed metal toys which failed at the end of the

vinch lance at the brand name is still used by Woolworth). Golden Bear retained some of the large Chad Valley accounts and started out supplying own-brand soft toys to large retailers such as Mothercare, Boots and BHS. It now employs 150 people and has turnover of nearly £3.5m, large by the standards of the craft-

based toymakers. Golden Bear has survived the problems which ruined many of the famous UK toymakers in the early 1960s by a combination of constant new product design - it has a development team of six - and by buying in a portion of its range from the Far East. Small, fiddly toys which can-not be made economically in Britain are bought-in; larger toys are made in Telford.

To keep production costs low and overcome a shortage of skilled labour, Golden Bear has machining work carried out by a mix of staff employed on site, bome workers and sub-contract machinists.

The management team at Golden Bear represents the opposite, more commercial end of the toy-making spectrum from the craftsmen and women who run Dormouse, Honoy-church and Stevenson. Both types of company are successful in their own segments of the market. For the time being, however, there seems little prospect of the craft-based toy. makers making that leap in scale to produce a UK equiva-lent of the larger Continental toy firms such as Brio, the Swedish wooden toy-maker or Steiff, the German maker of soft toys.

A crucial role for smaller companies

The art of retaining craft

taken np by existing large firms or by new ones. New, growing firms can militate oped, moved into factories. The same is happening today in developing countries; for example, tourism is helping to pro-mote small scale manufacturagainst a lack of dynamism in large ones, it is argued. For a country to develop a manufacturing industry it must first create a successful ing in countries such as

and competitive services sector, the authors argue, revers-ing the traditional view that manufacturing activity presmall firm, particularly the small manufacturing business. cedes the growth of services. Without the facilities provided by service companies manufac-This approach ignores the turing companies cannot expand, they say. fact that manufacturing and

service businesses are closely This was the case in Europe linked and assumes that poliwhere cottage industries were first set up with outworkers and then, as technology develcies can be focused on the indi-vidual businesses which need assistance. Closely targeted

polices are at best ineffectual and at worst have serious side effects, the authors say.

Folicies in, for example, India aimed at promoting busi-nesses making soaps and hand-Morocco and Indonesia. The role of small businesses in both developed and develop-ing countries has meant that loom goods have reduced com-petition, inhibited technical change, impeded export-led development and creeted thresholds beyond which small governments have developed targeted policies to back the businesses are discouraged

from growing. The licencing and control of distribution in, for example, Mozambique created state shops which were inefficient and unsuccessful, driving much trade underground. In general, the less specific direct government intervention trainers. The best method of

is, the more likely it is to be effective, the authors say. Posi-tive policies to improve the flow of funds to small business are often needed but can reduce the incentive for businesses to make the best use of capital resources, Informal credit arrangements, which

put peer pressure on borrowers to repay loans, can be more effective than direct government lending schemes. Training programmes are also desirable but are difficult to implement. Training pro-grammes would have to be on an enormous scale to have

training is on the job though proprietors and employees will both he more responsive if they have received a good basic education.

Broad policies to improve the climate for all businesses are more likely to be effective than programmes aimed at helping small firms alone. Policies to control inflation, keep taxes low and broadly based, develop education systems and promote competition in bank-ing will be more effective than tax incentives, low interest loans and special programmes, the authors conclude.

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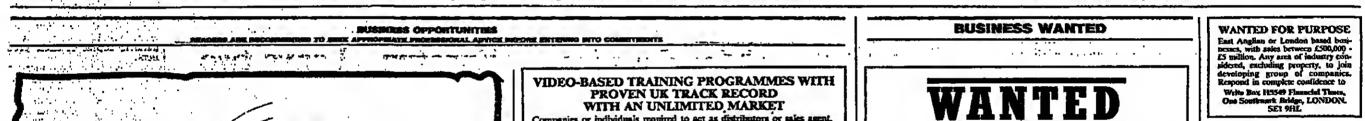
In brief... Britain's banks provide a

poor service to small husi-nesses regardless of the part of the country in which they are based or the industrial sector they are in. This is the conclu-sion of the third in a series of surveys^{*} of hanks hy The Forum of Private Business, a small firms' lobby group. No hank has a single, marked advantage in any region of the country and noticent policy is microwis

national policy is uniformly applied, the snrvey said. Retailers are dissatisfied with bank charges because they expect their bank to handle large amounts of cash while CB eral because they relied beavily on loans to buy plant

and equipment. "The UK clearing banks present considerable short. comings in terms of the services they provide to the small firms sector," the report said. "Small firms appear to have no alternative whatever bank, region or industry they choose." The banks must either change their approach or lose customers, said Stan Mendham, the forum's chief

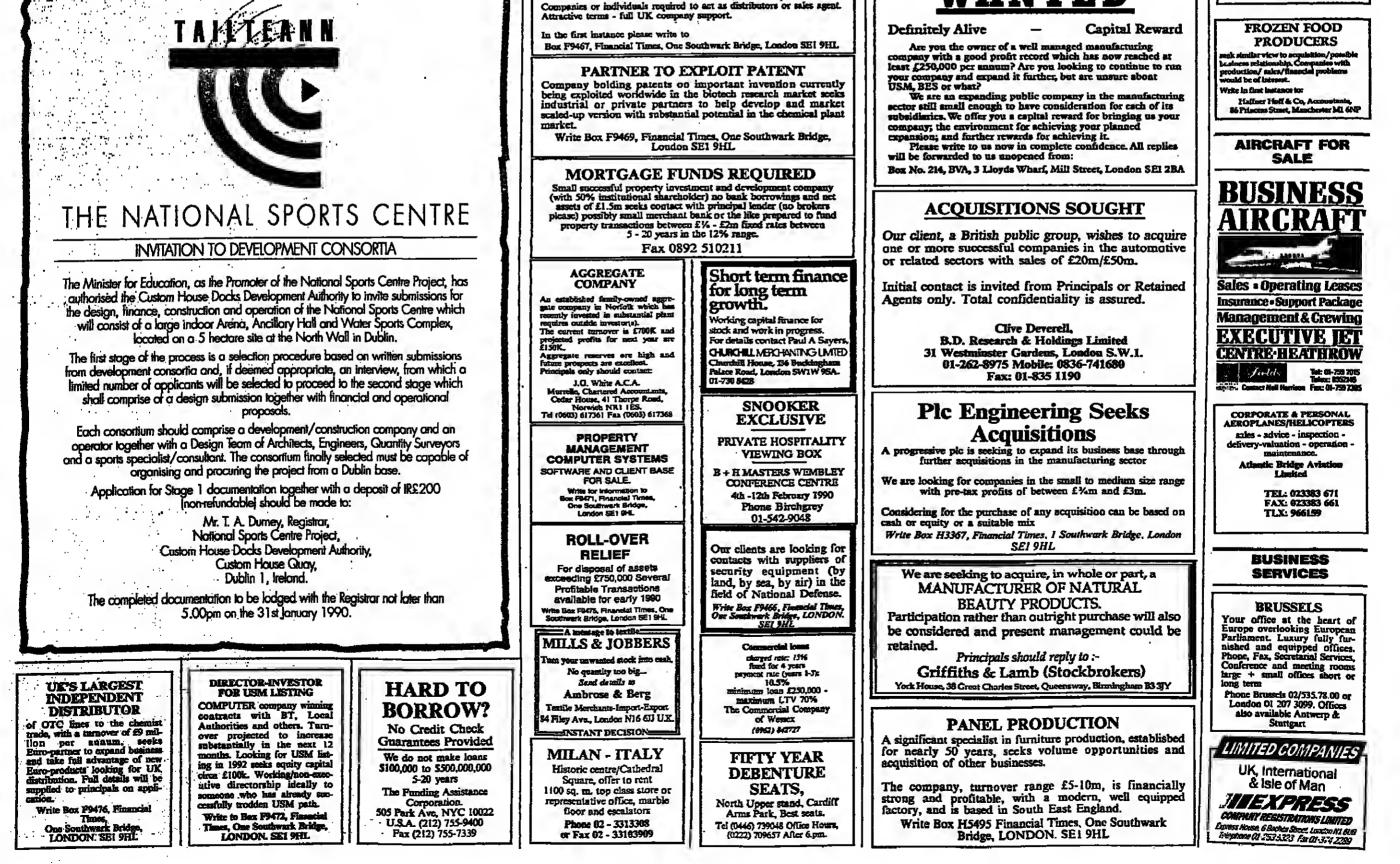
* Small Businesses ond Banks: Regional and Sectoral Aspects. 575. The Forum of Pri-vale Business, Ruskin Chambers, Drury Lane, Knutsford, Cheshire WA15 6HA. Tel 0565 4467.



mas period. This also eases cash flow problems, which are compounded by present high ibles may be reinforced by new European Community legislation on the safety of toys which comes into effect in January. In future toymakers will have to meet far more specific safety standards and will have to be able to provide documen-tary proof, in the form of test certificates, that paint is not toxic or fabrics flammable.

toy market

One effect of the new safety legislation on Golden Bear Toys, a Telford, Shropshire-based manufacturer of soft toys, was to force the company to remove the suede pads from the paws of one of its range of teddy bears. The suede appar-ently retained too many harm-



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ARTS

Contemporaries old and new

William Packer on shows at the ICA and the Serpentine

HE NEW Contemporaries,

the annual review of stu-dent work selected from an open submission, has been revived after a large of three years. Buttressed by fresh sponsorship and all set for a national tour, the somewhat grandilognently relabelled British Telecom New Contemporaries now seems safe, at least for the next few years. It remains at the ICA until January 14 before going on to Man-chester, Bracknell, Halifax and Kendal.

chester, Bracknell, Halifax and Ken-dal. So far, so good, but we must be quite clear what the New Contempo-raries now is. In 1974 it took the place of the ebullient and unpredictable Young Contemporaries, long defunct through factional interest, chaotic administration and general insol-vency. But for all its manifest sins and wickedness, the Young Contem-poraties was and remains unique for being an exhibition for students. To be noticed and celebrated by me's peers was the great thing; and only students need soply. "There is no other outlet," the press release quotes one Colin Browne of British Telecom as saying, "where young artists en masse have the opportunity of submitting their works to a prestigious panal of judges... Hopefully, as in the case of Hockney, Auerbach and Howard Hodgkin – all New Contemporaries exhibitors in their youth – some will so on to guin national and even

exhibitors in their youth - some will go on to gain national and even worldwide recognition." But there are worldwide recognition." But there are now many exhibitions and prizes limited to young artists. And Hockney, Auerbach and Hodgkin wara not New hnt Young Contemporaries, submitting their work not to any "prestigious" panel but to their fellow students. To claim them, and the Young Contemporaries in its old entirety, is a shade disinganuous.

If I labour the point, it is only to make clear that this present exercise is in reality a new venture altogether, and one with merit enough to stand

on its own. Sacha Craddock, art critic on The Guardian and one of the panellists, writes in the catalogue that the show features far fewer artists than before: "When possible we have shown more than one work hy each artist in order to avoid the jumbled lack of context that often blights this kind of show." Leaving aside the thought that that jumble itself might be the truer context, she continues: "We chose what we thought was the very best: we had no desire to represent what was going on in art schools generally. This is not a liberal

show to please all. It is intended to do justice to those chosen . . . " Such intentions are honourable and unexceptionable, and it is good to have a jury prepared to taka particular responsibility for a choice that inevitably reflects its own interprets and independent. interests and judgement. One can reasonably snpposa that the knowledge of who those jurors were to be had its effect npon the submission.

submission. With Jon Thompson of Goldsmiths' College, well known for the rigorous conceptualism of his own work. Nicholas Logsdall of the Lisson Gallery, sculptors Veronica Ryan and Richard Wilson, and Iwona Blazwick of the ICA completing the panel, to discover a show of beautifully crafted objects, with a strong bias away from the figurative towards the conceptual, the minimal and the abstract, comes as no surprise. as no surprise.

as no surprise. As such it is a good exhibition. Of the painting, the elegant abstract expressionism of David Foster, the hard-edge abstraction of Michael Hickling and the more tactile and rhythmical single colour surfaces of Tom Benson are all impressive. Julian Lee's photography and John Howard's etching also stand out, and as for the sculpture, I was particularly taken by Marcus Taylor's simple and enigmatic rusty steel box. Tom Freeston's more rusty steel box. Tom Freeston's more quirky cone with its sponted top, and Mike Turner's sequence of Mike Turner's sequence of hypnotically huffing and heaving paper bags.

Aleksandr Rodchenko & Varvara Stepanova, at the Serpentine Gallery (Kensington Gardens W2: until January 28), comes to London from New Beginnings in Glasgow, where it originated.

Its subject is the creative collaboration between artist-husband and artist-wife across so many of the and artist-wife across so many of the visual disciplines of the fine and applied arts, that flourished briefly in tha years immediately after the Revolution and was sustained in the family workshop throoghout the Stalinist period. Rodchenko and Stepanova died in the mid 1950s, but their workshop has continued active until today in the hands of successive constrations of the family

generations of the family. In a time of such traumatic upheaval and bitter introspection throughout the Communist world, whan all the historic aspirations towards an ideal social order have been exposed as the fond hopes they always were, cynically betrayed and compromised from the start, it is both and and subtray to consider is both sad and salutary to conside

that aarly sincerity and

There must have been a moment when it seemed the new dawn at last was breaking, thet for artists would was breaking, thet for artists would bring in the true day of their modern art. The constructivists, painters and sculptors, the Rodchenkos among them, rallied to the cause, and the sheer exuberance of their graphic invention, in posters and labels, covers and illustration, fashion and decourting decime is still infectious decorative design, is still infectious. Here it all is, at once charming and

But the moment passed. The Rodchenkos kept to their work, but it grows more varions and inconsequential, quiater, mora reflective and ironical, drawn in upon itself. Their photography of the 1930s is especially interesting, and magnificent besides, as much for the rolitical obliqueness it inform as for its political obliqueness it infers as for its goes on, and art with it. How perhaps, who formal and incidental content. The beartening it is, at last, to recognise themselves, in two artists here, not great artists Ars longa ...



Aleksandr Rodchenko's photo-montage of 1923: an illustration for Mayakovsky's poem 'Pro Eto' - about life

perhaps, who yet remained true to themselves, in the worst of worlds.

Solti's 'Messiah'

FESTIVAL HALL

On Sunday with the London Philharmonic sod its Choir, Georg Solti conducted just the performance of Handel Mcs-sigh as expected, and very exhilarating it was. Athletic and nrgent, of course - I've not heard a speedier Messiah - with ritenuti only at the very last moment in each number; vehemently characterful in the briskest music; moderthe ariskest music; mouer-ete tempi; extreme dynamics, no less electrical at *pp* than at *ff* (though he opted for some-thing like Handel's modest original band); carefully sym-pathetic to his fine quartet of soloists, who were slotted nev-

solotis, who were subled nev-ertheless into an undiluted Solti reading. There are alternative read-ings, but this one was too bright and intensely profes-slooal (and professionally intensel part to arise Some he intense) not to enjoy. Some lis-teners - to Radio 3 as well as in the hall, for It was broadcast live - might have missed a degree or two of majestic gravi-tas; certainly the moments of triumphant release, not least the "Halleluiah" chorus, were more gladiatorial than thankful. But the overall effect was not domineering: partly because Solit so often took advantage of the Choir's bril-liantly clean passage-work in *pianissimo*, and partly because he was prepared to relent for

Felicity Lott, who replaced Joan Rodgers as solo soprano, was in sterling form, gleaming in "Rejoice greatly" and melting – but never sentimen-tal – in "I know that my Redcemer liveth." The Dutch mezzo Jard van Nes wielded fervent authority (in faultless English) and quite a lot of chest-voice; ber "duet" with Miss Lott was an exciting drama of contrasts. The bass was Gwynne Howell, scnsibly musical but not in his fullest voice until "The trumpet shall sound," to which he rose with confidence (esrlier, Solti's enactment of "Why do the natioos so furiously rage together?" had made daunting competition).

his soloists' most feeling excur-

Throughout, Kelth Lewis used his candid, well-schooled teoor to unfailing effect, and with the Crucifixion tragedy of Part II – as much in the reci-tatives as in the arias – his unadorned solariety was pol-gnant. It may seem like luck that these appealing individual voices should have rounded out the humon dimension out the humon dimension against the conductor's ferally relentless drive; but it's just as likely that it was exactly what Solti had planned.

David Murray

Dmitry Alexeyev QUEEN ELIZABETH HALL

It is never easy to predict in what mood a recital audience what mood a recital audience will find Dmitry Alexeyev; on Sunday evening to a packed Elizabeth Hall he offered his least appealing side. Techni-cally his playing was faultless, if unvarying in its strident tome; musically It was brusque to the point of aggression. His programme of Schumann and Chopin called for rather more than fast reflexes. Those were well displayed in the scherzo of Chopin's B minor Sonata, delivered as torren-tially as I can remember,

accusation. In 1971 Pier Luigi Pizzi designed a memorable Vespri for La Scala (staged by Giorgio De Lullo), shifting its set-ting from the 13th century to the Sicily of the Risorgimento and Gari-baldi. In this new staging, for which he is also the producer, Pizzi again chose a mid-19th century ambiance, but with some puzzing aspects: thus the first scene, described in the libretto as "the main square in Pal-ermo," is moved to a beach, thereby diminishing the effect of the required tially as I can remember, though without any real sense of shape, and in driving the finale of the sonata to its audience-rousing conclusion, less rewardingly in the faster sec-tions of Carnaval, Alexeyev's Schumann seemed here a pecu-liarly hard-hearted affair; the rare set of *Klavierstücke* Op.32 are by no means first-rate

Schumann, but certainly could seem more winning with less

severe treatment; they were beld at arm's length, trimmed to the rhythmic bone, outlined in the starkest black and white.

The same hard beart racketed through Cornorol, the conception seasonally immaculate, and without the mcrest late, and without the merest hint of wit or charm; the final March was positively savage. There were shreds of greater intimacy in the four mazurkas of Chopin's Op.67, and as the Largo of the sonata developed Alexeyev began to find the more personal vein that char-acterises his best work. By then though his programme was almost past, and it was too was almost past, and it was too late to salvage much from what had been undoubtedly the work of a finely talented planist, but one who seems at present curiously at odds with himself and his repertory.

Andrew Clements

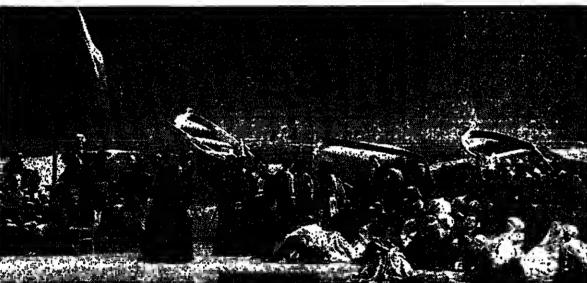
The Lady or the Tiger ORANGE TREE, RICHMOND

This whimsical little musical lover to marry her rival or be the long awaited son of eaten by a tiger. Salad Days - was such a suc-What makes it work is ien it was first commis

vespri siciliani opens the season at La Scala, Milan

It was a curious and enlightening experience to see La Scala's inaugural production of Verdi's I oespri siciliani twice within a few days, first on tele-vision, in a "live" broadcast, and then, even more live, from the centre of row S in the house,

On the small screen, Pier Luigi, Pizz's eccentric staging of the first act worked well. Contradicting the composer and his librettists, Pizzl divided the act into several short scenes, using a black drop-curtain to separate the stage as elements of the set were minimally altered. Thus the set were minimally altered. Thus the drama seemed to have a cinematic cut, which the shrewd TV producer Christopher Swann exploited, while opportune close-ups kept the perfor-mance visually lively. His approach made the singers' movements less important, and their volces gained impact, too. Further, by cutting off the live and/o as soon as curtain fell, and introducing a voice-over. Swann and introducing a voice-over, Swann



was able to mitigate the impre the audience's hostility, especially in the last act.

When I reached La Scala for the second performance, direct experience revealed more clearly that this Vespri was not enthusiastically received; and though the gallery's boisterous and cruel booing was excessive, it was not totally unjustified. The chief victims of the loud reaction were the tenor Chris Merritt (warmly applauded last season as Arnoldo in Guglieimo Tell) and the soprano Cheryl Studer, who also appeared in that Tell, to a cooler reception. Apparently Merritt is now being blamed for not being a "Verdi tenor." This charge was promptly picked up by the press, and the week-end papers were full of interviews with singers, voice coaches, nutsicolo-gists, who handed down anthoritative statements about the current shortage

of "Verdi" singers and its cause. In the mid-19th century (and afterwards), singers frecly sang Verdi one night and Rossini the next. More than a special voice, Verdi demands a cer-

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Liverpool Polytechnic

Scene from 'I vespri siciliani' tain kind of musical intelligence and genuine interpretative power. Not realising this, and probably infin-enced by the press discussion, at the second Vespri performance all the singers sang much louder - and less well - than at the first, as if they were determined to show the audi-ence how "Verdian" they could be. In the brief, lilting lovesong of the last act, for instance, Merritt abandoned the falsetto that had won him catcalls at the première and sang in a strained piano, clearly in trouble. Returning to falsetto for the final, offstage "addio," he went totally awry and was duly booed. The trouble with Merritt's voice is not that it is un-Verdian: it is uninteresting. Whatever part he undertakes, he remains simply the tenor. In much of Rossini, he can get away with it, thanks to his ringing high notes. With Verdl, no.

Studer, whose voice is interesting, seemed to sing well at the première, though she was booed after the Bolero, presumably because she did not attempt the famous high note at its end. During the second performance, however, she forced her voice mercilessly, and by the last act it was audibly tired. It failed her a couple of times, and members of the andience made their displeasure heard. A pity, because in a less nerve-racking context she could have been a moving and satisfying Elena. Neither the baritone, Giorgio Zan-

canaro, nor the bass, Ferruccio Furla-netto, has an expressive voice, nor is either much of an actor. But, as they did nothing mean on this occasion, they survived unscathed. And, in fact, they were both less anonymous than usual, more eloquent. And for this improvement the credit must proba-

bly be given to the conductor Riccardo Muti.

Muti was the hero of the evening. An advocate of this difficult, generous score, in which the volcanic early Verdi is enriched by a French grandeur and taste, the conductor inspired the Scala orchestra to new heights of playing both heroic and seductive. The opera moved at its own pace, events – now intimate, now splen-didly public – succeeded one another without any indulgence or sagging. Still, Mnti could perhaps have worked a bit more with the singers. At times, the listener had the sensation that they had no sense of the opera's meaning, its subteities. When Arrigo (Merritt) first meets Procida (Furlanetto), he has a simple line, "Procida l'amico" a warm, natural attestation of friendship; Merritt was allowed to bellow the words as if they were an

Christine Obermayr. Der Nuss

Youris Vamos.

Frankfurt

Coloane

Madrid

Rome

acker is choreographed by

reographed by Micha Van Hoecke. In agreement with Fizzi, Hoecke scrapped the original programme of the extended 3rd act divertissement, and instead of a "Four Seasons" bal-let, we had some pretty plastic poses for Carls Fracci, alternating with lively 19th century salon dancing. Pizzi's costumes were handsome throughout the evening, but his dresses for the ballerinas (contrasting with the "graduation ball" uniforms of the men) were a masterpiece of nuance and delicacy.

diminishing the effect of the required

beach scene in the next act. Similarly, Pizzi places the last scene inside a church. In addition to divid-

ing the short act unnecessarily, this lovely but misplaced setting cramps the concluding rebellion, which is always a problem for producers, and in this case, a terrible anti-Climax. The historic rebellion has the dimen-sions of a neighbourhood brawl.

As might have been expected, Muti

In fact, though the Verdian might quarrel with some of Pizzi's sets, they were never less than pleasurable to were never less than pleasurable to the eye, as Mnti's magisterial con-ducting made the performance, in spite of any singers' deficiencies, always a delight to the ear. Verdi's opera is long (beginning at 7.30, the performance ended after midnight), but also timeless, in every sense, as Muti made us realise.

William Weaver

December 15-21

cess sioned by the Orange Tree in 1975 that It later transferred to the West End. Don't wait for another such miracle, but squeeze into the cramped little theatre above the pub near **Richmond Station some time** during the next six weeks. For The Lady or the Tiger works best as an intimate party piece. There is probably a minority whose worst fear is to be stuck in a small space with four extrovert actors (and one introvert musician) who sing, shout, sweat, spit and gener-ally have a whale of a time belting out a twee little adult fairy story about a demented king, a sexually retarded princess, a lugubrious factotum

and a moody wandering hero wbo looks like John Travolta I thoroughly enjoyed it.
 The plot has acquired a few extra oddities over the years -yon recognise a little hippy fantasy here, and there a touch of "folk lore as metaphor," which so inspired European writers around 1950. But most of the silliness is charming, with the King keeping his peo-ple happy with candle lightings and an annual Bingo competition (if you lose its "Bingo") in a dictatorship where "Happia details and where happy ress is King Sized." Tension is created as tha finale approaches and the princess has to choose whether she

undoubtedly the music (by Nola York), with the lyrics of Michael Richmond, who also wrote the book with Jeremy Paul. It is unusual to come across such a flow of fresh and original tunes, which, with just one exception ("What would you do?" is a country blues) owe little to musical fashions. The love songs hang a hit (they always do in Christmas entertainments) but the rest roll the piece along, and no first night critic failed to lend hands to the andience participating "Chariot Wheels."

Jonatham Adams floats it with lugubrious charm as the factotum; Richard Tate manle as the king; Amanda Garwood is affecting as "Daddy's Little Girl," a strapping 25 year old confined to stuffed toys, more predictable when awakened into "Daddy's Little Slut." Mark Lockyer has a shadowy part as the hero-vic-tim, but does look like John Travolta. Mark Stewart plays the music and Keith Strachan directs with gusto.

Two points - the format may seem family stuff, but the lyrics are spicy enough to con-fuse young innocents (though perhaps not in Richmond), and surely the ending should be left in the hands, or voices, of the audience?

Antony Thorncroft

SALEROOM

wants her quickly acquired

£29,000 for Marilyn's dress

Hollywood. Over the last few days both Christie's and Sotheby's have been offering memorabilia from the Golden Screen at prices which still seem qnite modest. Errol Flynn's Lincoln Green costume from The Adventures of Robin Hood was sold by Christie's East for just 25,124 while Greta Garbo's dress worn in Queen Christing made 26,491. Certain films have cult status, among them The Wizard of Oz, which accounts for the dress worn by Judy Garland in ber screen tests for the part doubling its estimate to £12,298 and a Munchkin costume worn by the Lollipop Kid selling for £8,882. On a more literate level the shooting script for Casablanca made \$10,240 and that for A Streetcar

New York has been selling off just over £1m, with the top price being the extraordinary £171,875 paid for a pair of walnut commodes which featured in the first Debbie Reynolds hit, of 1954, Susan Stept Here and then in an even less distinguished movie Slightly Scarlet

These were not ltems of furniture run up in the studio workshops. The commodas were Italian rococo of the mid 18th century, made of walnut. Even so the glamorous history multiplied their price more thao tan fold over the estimate.

Sotheby's disposed of Marilyn Monroe's dress from Gentleman Prefer Blondes for £29,000, four times forecast, but surprisingly the blue and white check dress worn by Judy Garland in The Wizard of Oz failed to find a buyer.

Autony Thorncroft

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ARTS

London

Paris

OPERA AND BALLET

tenor, René Kolio; the cast also includes Karita Mattila, Judith Howarth, and Hartmut Weiker. Sadler's Wells. The theatre's section of the Royal Ballet opens a Christmas season on Tuesday with an attractive triple bill of MacMillan ballets.

(4720657). Opéra. The Siecping Boundy in Rudolf Nursyev's production and choreography after Marius Petipa (47425371).

Muziektheater. The National

Ballet with The Steeping Beauty (Peter Wright after Petipa). The Netherlands Opera in Don Pas-quals conducted by Carlo Rizzi

and directed by Renate Acker-

Brussels Opera and Ballet Cen-tre Culturel d'Anderghem. The Grand Orchestre Lyrique in

Amsterdam

mann (255 455).

Brussols

Koninklijke Vlaamse Opera. Royal Flanders Opera in Richard Royal Opera, Covent Garden. The revival of *Der Freischiltz* brings back to Covent Garden the production's original conduc tor, Colin Davis, and leading tenor, Rané Kollo; the cast also includes Kerita Mattila. Judith Stranss's Ariadne auf Naxos, conducted by Rudolph Werthen and staged by Goran Jarvefelt.

Vienna

Antworp

Statisoper. This week: Cost Fan Tutte conducted by Nicolas Har-noncourt; Il Trovatore conducted by Pinchas Steinberg; La Forza del Destino conducted by Finchas Steinberg; Der Rosenkavalier conducted by Weikert. Berlin

Théâtre des Champs Elysées. Bolahoi Ballet alternates Giselle (2nd act) and Spartocus (2nd act) with Popula, Divertissements and Raymonda (3rd act), all cho-reographed by Yuri Grigorovitch Opera. Tosca has a strong cast led by Pilar Lorengar, Giorgio Merighi and Ingvar Wixell. The new Somson und Dabla produc-tion by Gian Carlo del Mousco was well received last week.

Hambura

Opera. Eugen Onegin has a first-rate cast led by Bernd Weiki, Olive Fredricks, Gabriela Benackova and Daphne Evangelatos. The rediscovered opera Der Schutzgrüber by Schreker is sung by Gabriele Schnaut, Josef Protschka, Harald Stam Josef Protschka, Harald Stamm and Pranziska Ponitz. Zar und Zimmermann is a repertoire per-formance and Hönsel und Greiel returns

Bonn

Opera. Udo Zimmermann's per-formance of his opera Die Wun-dersome Schustersfrau, which opened last week, was extremely well received. The strong cast Bizet's Les Pecheurs de Perles staged by Christiane Gruselle, conducted by Jacques Grosjean. is led by Maria Hussmann, Rolf Haunstein, Brigitte Lindner and

Siciliani, Both Chris Merrit (Arrigo) and Cheryl Studer (Prin-cess Elena) give mixed perfor-mances in their long and taxing roles, but Ferruecio Furlanetto is excellent as Giovanni da Pro-cida (20128). cida. (809126).

Opera, Toscz in Jean-Pierre Pon-oelle's production stars Galina Kalinina, Giacomo Aragall and Alain Fondary. La Boheme has New York

Metropolitan Opera. The week fine interpretations by Eliane Coelho, Patricia Wise and Fabio Armiliato making his Frankfurt debut as Rodolfo. Metropolitan Opera. The week features the first performance of the season of Wozzeck, con-ducted by James Levine, with Hildegard Behrens, James King and Graham Clark. Performance continue of August Everding's production of Der filegende Hol-danks Leving's Leving's Opera. La Finta Giardiniera will have its premiere this week, pro-ducted by Willy Decker, con-ducted by Lothar Zagrosek. Faust features Christian Lara *lander*, conducted by James Lev-ine with Eva Marton, James Mor-ris and Paul Plishka (362 6000). Alvin Ailey Dance Company. Only a week after the sadly pre-mature death of the company future title role, Stefanie Friede and Ulrich Hielscher. Die Zauber-flöte has Susan Burghardt repeatfounder and choreographer, the group perform their familiar but ever rousing mix of lively dance steps set to American gospel, jazz and folk rhythms. Ends Dec 31. City Center (581 7907).

> Lyric Opera. Barbara Daniels is Rosalinda and Neil Rosenshein sings Alfred in director Giulio lettes's new production of Die Fledermaus conducted by Julius Rudel, Frederica von Stade continues as Rosina and Thomas Allen as Figaro in Rob erto De Simon's production of The Barber of Seville, conducted by Alessandro Pinzauti. Lyric Opera (332 2244).

Bulgarian National Folk Ensem-ble. Shinjuku Bunka Centre (Mon) (350 1141).

Chicago

Tokyo

named Desire, £6,491. Over at Christie's main New York saleroom the props of Paramount Pictures sold for

mance as Queen of the Night. Ballet Nacional de Espana. Don Juon is a new ballet that is cho-reographed by artistic director Jose Antonio, who is also the lead dancer, and is conducted by Enrique Garcia Asensio. Ends Dec 30.

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Teatro dell'Opera. Beni Montre-sor's production of Verdi's Fai-staff, surprisingly set in the Po Valley in northern Italy, con-tucted by Evelino Pido. (461755).

ing her much praised perfor-

Millen

Teatro Alla Scala. Seasoo opens with Pier Luigi Pizzi's lavish but not particularly well-received production of Verdi's *i Vespri*

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Tuesday December 19 1989

The touch of Collor

BRAZIL'S first democratically elected President in 29 years looks set to be Mr Fernando Collor de Mello, the centre-right candidate, who has tri-umphed on a platform of clean source of a plator of clean government and liberal eco-nomic reform. Although the official result of Sunday's sec-ond round of the presideotial election is not due until later this week, Mr Collor has estab-lished an unbeatable lead over bis Lefflet right Mr Luis Luccio his Leftist rival, Mr Luis Inacio "Lula" da Silva, who in the last days of the campaign mounted a formidable challenge.

Brazil faced a leap in the dark whichever of these two candidates came out on top. However, on the positive side Brazil at last has a popularly elected leader with a mandate to end the appalling drift and corruption that has characterised the four years of President José Sarney's rule. Of the two candidates, Mr Collor is a more predictable quantity and certainly his policies are more rational for dealing with Brazll's problems - especially the most pressing one of hyperin-

flation. Mr Collor campaigned on the twin planks of a crusade against corruption and of a radical economic shake-up through cuts in public spend-ing, privatisation and by end-ing protectionism. This is the kind of modernising message which needs to find acceptance in Brazil.

Clear alternative

Lula, the leader of the Workers Party, offered a clear alternative, by pledging to end the privileges of Brazil's ruling elite and to redistribute the country's wealth. Wrapped in the language of socialism and liberation theology, he envisaged a corporatist development model for Brazil. His appeal – compared with his opponent, who has changed political parties four times during his career - was as a man of firm convictions, responsible for building up the sole well-orpanised and uncorrupted political party in Brazil. In their different ways, both candidates were challenging the system from the ontside and caught the public desire for a more honest and open political sys-tem, with Mr Collor playing the liberal and Lula the socialist reformer. This explains why they beat better known politicians from the main parties and reached the election run-

Apart from being governor of one of the most insignificant states in Brazil, the youthful Mr Collor has no experience of government. He will have to earn quickly. His greatest problem centres on the ambig uous role accorded to the pres dent in Brazil's new constitu-tioo. Although the president can rule by decree, significant blocking powers are in the hands of Congress.

Government paralysis

The Congress he inherits has exercised power withont responsibility, helping to cre-ate a paralysis in government. A truculent Congress in Brasi-lia, which fears it might lose its privileges, can undernine almost anything substantive Mr Collor proposes. The Con-stitution cannot be altered until 1993 and Mr Collor's relations with Congress will hinge on its composition after next October's elections. Brazil's economic plight is so parlous that Mr Collor will be under pressure to take office

before the March hand-over date. With the experience of President Menem of Argeotina in mind, it would be better to resist a rushed transition and concentrate on assembling a good economic team with coherent policies. If he is to have a chance of tackling hyperinflation successfully, he must try and establish a con-sensus among the widest possi-

ble spectrum of opinion on pol ble spectrum of opinion on pol-icies which, by their very nature, will be unpopular. Lula, with organised labour behind him, has said he would oppose a Collor shock pro-gramme which squeezed the working man and Brazil's poor, and he may prefer to play a

and he may prefer to play a spoiling role to profit in the vital Octoher congressional elections Internationally, Mr Collor will be greeted with relief since he wants a dialogue with Bra-zil's creditors over its huge for-eign debt, while Lula promised a moratorium. For almost a year Brazil has not been meet ing its obligations. The change of government should at last make Brazil a serione contender for help under the aegis of the Brady Plan. The onus is on Mr Collor to sectire sympa-thy for Brazil.

bridge, was profiled by a Brit-ish newspaper in February as Britain's leading academic in exle." Speaking from his new abode in San Francisco, Prof Williams condemned the UK Government for inflicting "organised philistinism" on the uni-versities. He was one among many academics, the newspaper said, who "have written off British education." Six months later, Oxford University proudly announced that Prof Williams was moving from Berkeley to take over the White's Professorship of Moral Philosophy. The exile, it appeared, was over.

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ernard Williams, former pro-vost of King's College, Cam-bridge, was profiled by a Brit-

As a distinguisbed philosopher, Prof Williams would be the first to counsel against basing a general con-clusion on individual instances. He stressed that his return to Britain was a personal matter which proved notha personal matter which proved holf-ing about the state of British higher education. Yet swapping anecdotes about the career choices of star names in academia is precisely the level at which the debate about the "brain drain" tends to be conducted.

Worries about Britain's best academics fleeing the country are a perennial weapon in the struggle between the Government and the uni-versities over resources. A brain drain row has flared up regularly during the last two decades, most recantly this year in an anery exchange of letters and statistics between Mr Rob-ert Jackson, Minister for Higher Education, and the Committee of Vice-Chancellors and Principals. Yet this close scrutiny of a problem

by some of the country's leading brains has done little to resolve the simple question: is there an unaccept able haemorrhage of talent ont of Britain? Both sides can construct a respectable argument for and against

the existence of a drain. The argument against: There is no net exodus from Britain of full-time university staff, as Mr Jackson has repeatedly stressed. There has been a small net inflow of 360 academics into Britisb universities from overseas jobs during the past eight years. As a matter of pure statistics, the brain drain from Britain's universities is a

myth. The vice-chancellors' committee has indulged in some exaggeration to argue the contrary. In July, it issued a statement accepting that there was no outflow of academics in 1987, the latest year for which figures are avail-able, but it added in a widely reported comment: "Among professors and readers, the academic high-filers, substantially more left than came into the country

In fact, Britain notched up net exports of precisely 10 professors in 1987 - 0.2 per cent of its professoriat. More a dribble than a drain, one might conclude.

This conclusion is backed up by the most authoritative recent study of the migration of UK scientists and engineers, published in 1987 by the Royal Society and the Fellowship of Engi-neering. It concluded that the number of university scientists and engineers leaving Britsin every year was not large - typically less than 0.5 per cent of the total. Many more British scientists and engineers settled in the US in the mid-1960s. A tour round Britain's most presti-

gious universities, where one would expect the lure of big US salarles to be at its most acute, tells much the same



The truth about the brain drain

The reasons vary enormously," he says. Prof Eric Ash, rector of Imperial College, London, agrees: "We have lost a few very talented people to other countries and we have gained rather more."

The argument for: The case that there is a brain drain looks stronger from a different perspective - that of individual subjects.

Academics in most disciplines can recite a roll call of important names that have left the country this decade. The debilitating effect of the brain drain, they say, stems not not from the quantity but from the quality of the people leaving - a point also stressed in the Royal Society's 1987 study of migrating scientists and engi-neers. World class university departments or research teams often revolve around ons or two individuals: lose them and the damage is out of all proportions to the numbers involved. Economists have made the stron-gest case that Britain's standing in their discipline has been damaged by an exodus of top talent. Recent emi-grants have included Prof Wilhelm Buiter, the macroeconomist who left. the London School of Economics for Yale, Prof Amartya Sen, the social choice theorist who quit Oxford for Harvard, Prof Oliver Hart, the micro-theorist who moved from the LSE to MIT. The LSE's Prof Richard Layard has calculated that the work of the top eight emigrating economists was cited last year in mainstream economic journals more often than the onomics faculties of the LSE

ate to their actual numbers . . . They The average salaries of full professors . in US Ivy League universities range from £74,000 in law to £44,000 in fine are among the historians who inspire their colleagues and the next generation

arts. In Britain, universities now have discretion to pay individual professors supplements above the professorial minimum of £24,783, but even the The loss of young talent is as important as the exodus of a few stars. The cuts in staffing in British most prestigious names are probably only in the £30,000-£40,000 bracket. universities in the 1980s mean that many academics have to look over-seas for permanent jobs after completing their PhDs. This nameless army does not show up in the statistics of established academics quitting the ons abroad, it also hinders British universities recruiting world-class people from the US. With the young, the issue is more one of the brute lack of jobs -acountry, As many go to work in research laboratories run by large US companies as in US universities.

lecturers in mid-career, seeing promo-tion paths blocked, to choose a for-Some idea of the scale of the problem can be gleaned from a petition now circulating among British scieneign post. tists and engineers working in the US too there can be no one solution. Stars and other established academics protesting against the Government's treatment of higher education. More than 900 have already signed the petineed higher pay and better facilities in the universities, yet this obvious statement opens up a pandora box of issues which Britain's academic estabtion, which is being organised by Dr Marie Rose van Schravendijk, an

Britain notched up net exports of precisely 10 professors in 1987; more a dribble than a drain

moved from the LSE to Darisonth, says: "People work harder here. It is quite common to find a third of the immunologist who found work at the Palo Alto research labs of Schering-Plough, the US pharmaceuticals group, after taking her doctorate at Oxford. The petition, which will be department in their offices on Sunday mornings. sent to the Prims Minister, says: "The dearth of funding for state-of-the art

has generally set its face against increasing the spread of salaries, which has a long way to go before it begins to approximate the position in the ITS

begins to approximate the potential in the US. For academics starting their career or in their early 30s, paradoxically, a major problem is the very stability of the academic profession. Since wary few senior academics guit UK univer-sities - either for abroad or for non-academic jobs - career paths for younger academics are blocked. In an unusual burst of glasnost from within the universities, Mr Jonathan Clark, a historian at All Souls, Oxford, recently pointed to an additional frus-tration for younger academics like himself: many of the academics in their 40s and early 50s now blocking promotion were appointed during the great influx in the 1960s when only modest ability was needed to secure a university post. university post.

wo new worries have begun to grip the universities. First, there is a fear that many of the Libere is a fear that many of the brightest students now shun an aca-demic career for better paid jobs else-where. "In far too many departments, a lot of the applicants for lecturing jobs nowadays have failed at some-thing else," says Sir Edward Parkes, vice-chancellor of Leeds University. Hard evidence is difficult to obtain for this claim which sits addity with

for this claim, which sits oddly with the other argument about there being a dearth of jobs in the universities. In-September, the vice-chancellors' com-mittee released a survey which it said constituted the "latest evidence of (the) university staffing crisis." In fact, the survey detacted an increase last year in the average number of applicants and people shortlisted for each category of academic job - pro-fessor, senior lecturer and lecturer. In a tightening UK labour market, this hardly counts as evidence for a "staff-ing crisis." Nsvertheless, when a 30-year old for this claim, which sits oddly with

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ing crisis." Nevertheless, when a 30-year old City economist can earn twice as much as a Cambridge professor (ignoring the professor's consultancy earnings, which in some subjects can be considerable), it is only common sense to expect a decline in the attrac-tiveness of university careers among the ablest young people. The second-new source of worry among the uninew source of worry among the uni-versities is that superimposed on this long-term trend will be a much more sustained drain of academic talent from Britain to the US in the 1990s.

One of the most comprehensive studies ever into the academic job market in the US, published this Sep-tember, warned of severe staff shortages in North American universities in the 1990s because of demographic factors. Mr William Bowen, the report's co-author and a former president of Princeton University, believes the US will have to double its output of PhDs in the humanities and social sciences, and increase by two-thirds PhD numbers in the sciences.

"There is going to be a severe short-fall in North America of people to staff their universities," comments Sir Edward Parkes at Leeds. "The presidents of American universities are very clear how they will make up that shortfall - from British and Com-monwealth universities."

The picture that emerges is a com-plex one. There is no great flight by established British academics either abroad or to jobs outside the university sector. The very stability of the academic workforce may even have contributed to the inward-looking cul-

It is quite absurd for all the 50-plus

This pay disparity not only heres Brit-

factor which has also prompted some

Just as there is no one problem, so

lishment seems unwilling to consider. High salaries for some US academ-

ics go hand-in-hand with wide differ-

entials in the US between and within disciplines. While facilities like equip-

ment may be better in soms US uni-

versities, other aspects of the US aca-

demic scene are tougher. Mr Andrew Oswald, an economist who this year

Gatt misses an opportunity

ONE OF THE FEW tangibls results of the trade ministers' meeting in Montreal a year ago was the decision to require the secretariat of the General Agreement on Tariffs and Trads to produce regular reports on its members' trade policies. Its first reports pub-lished last week on Australia, Morocco and the US show that it has largely failed to rise to the challenge afforded by this new surveillance role.

Though they provide a wealth of basic information, which will delight professional trade policy analysts, the reports lack the critical strength that would make them a useful lever for forcing change at the national level The Gatt secretariat has simply run away from an opportu-nity to promote liberal trade by asserting itself in its role as an arbiter of national policies. The purpose of the surveil-

lance scheme introduced in Montreal was to balance the protectionist pressure facing governments with a series of well-publicised reports from the Gatt secretariat. It was specifically charged with examin-ing the impact of its members' policies and practices on the trading system.

Acid test

A particular aim was to complement the influence of the International Monetary Fund and World Bank on the econo-mies of developing countries with a formal Gatt surveillance mechanism that would help influence the policies of industrial nations. The acid test of such a

scheme is whether it leads to any actual change in polici With the possible exception of Anstralla - which was revealed to he a lineral reformer, but with much more lingering protection than many suspected – there is little chance that these reports will have any impact on policy in the short-run

In the longer run, the story could be different. There were a number of reasons why Gatt felt it had to be circumspect in producing its first reports. The whole scheme is experimental. It had to be careful not to go overboard. These are the first country reports Gatt has ever produced, which is a step for-

ward in itself. Furthermore some of its members, led by India, had complained that its charter forbids it from direct criticism of their policies.

Limp judgment Though the judgment in the

reports is limp - it comes as no surprise to anyone that the world at large views US unila-teralism as "a matter of serious concern" and It is disappointing that Morocco's prospective anti-dumping legislation is dis-missed in half a sentence – they do provide all the ammu-nition needed to mount a seri-Herbert Deutsch of New York law firm, Deutsch & Frey, was in federal court in Dallas last Friday as the bankruptcy case of Nelson Bunker Hunt, ous policy critique on each of the countries concerned. Hav-ing provided this ammunition, the secretariat passed what it hoped would be a loaded gun ths legendary oil man, con-cluded. In terms of commercial litigation, it was a victory for to the Gatt council whose dis Deutsch who secured another cussion is supposed to form an integral part of the review. The \$13m for the 5,000 or so investors claiming compensation for losses incurred in the silver

idea was to see if the council could summon the courage that the secretariat lacked. By and large council discus sion was muted, bearing all the hallmarks of a carefully stage-managed, non-event. Perhaps because they fear the day why.o they themselves come

uncer scrutiny, Gatt members also failed the short-run test. What is left after this pro cess, however, are three infor-mative country reports. As they are digested by the experts, they should contribute to a much more rounded and informed public debate on pol-icy, which may eventually have some indirect influence on the behaviour of policymakers. But that is no substitute for the kind of pressure Gatt could have exerted now if it had chosen to be more out-

of his father's property assets were available to meet credi-Trade policy is important. The public needs to know more tors' demands. Nelson Bunker Hunt was about the cost of protection, and the degree to which it is prevalent, if urgent risks fac-ing the liberal trading system. considered the richest man in the world in the 1960s with an estimated fortune of \$16bn On Friday, the federal judge

in Dallas ordered him to hand over most of his remaining assets to a liquidating trustee. He is left with a \$1.8m mansion are to be averted. For Gatt that means produc-For Gan that means produc-ing reports that will find their way into the congressman's in-tray and the businessman's briefcase instead of mouldering in a university library. If Gatt wishes to assume its rightful place as a strong intermetional in Dallas, perhaps \$50,000 in personal possessions, a Cadil-lac and a 50 per cent interest in some non-producing oil and gas properties. He will also be allowed to place as a strong international institution at the centre of a healthy system, it must make its language simpler and its auction off a valuable rare coin collection and keep a proporinsions blunter tion of the procee

Oxford has recently enjoyed a net inflow, from US universities like Stan-ford, Princeton and the Massachusetts Institute of Technology, in some sci-ences and maths. Mr Geoffrey Skel-sey, assistant registrar at Cambridge, is hard-pressed to think of more than six professors who have quit for jobs overseas recently: "there's so few, it's extremely difficult to identify a trend.

(55 staff), Oxford (72 staff) or Cambridge (64 staff).

A similar story emerges in other disciplines. Dr George Bernard, secre-tary of the History at the Universities Defence Group, can name only about a dozen historians who have quit Britain since 1967. But he adds that they are among the best: "Their departure has an effect disproportion-

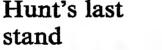
OBSERVER

equipment and supplies, coupled with the lack of jobs and carser prospects for young academics, are major obstacles in our considering returning to the UK.

The factors pashing these two groups - the stars and the young -overseas inevitably differ. With the stars, salaries are a consideration.

British universities to aspire to the pay and facilities to be found in the US's most prestigious Ivy League fac-ulties. Flexibility has been injected into the university pay structure and some vice-chancellors say privately that their control over professorial salaries now gives them the leverage they need to keep their best people. Yet Britain's academic establishment

ture and lack of dynamism of som departments. Yet the outflow of a few stars and many more younger aca-demics is a problem. Part of the solution lies in lifting the Government's financial squeeze on higher education. But the solution also hes in injecting a degree of flexibility into university pay and staffing practices which is anathema to many academics.



market because of manipula-tion by the Hunt brothers. Liti-

gation and back tax claims forced the Hunt brothers to

file for bankruptcy in Septem-

ber, 1988. In buman terms, however,

there was no pleasure to be had in seeing the mighty fallen. "We have seen the

great wealth that the mere

mention of his name struck

fear in people's hearts. He is now just a humbled bankrupt, a pathetic old man. There is

no joy in that." Perhaps the saddest personal

moment was when Hunt listened with his wife, Caroline, as Houston Bunker Hunt, his

son, was put in the witness stand to tell the court which

demise of a man who had such

"It was like the old Coliseum in Rome, except that the spec-tators were somewhat embar-Late 1990

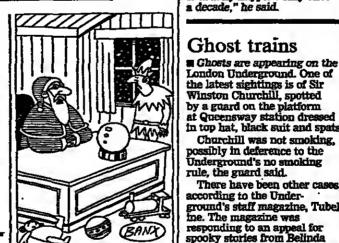
New Year's Eve will be slightly late this year. The Royal Greenwich Observatory said yesterday that time ser-vices around the world will be adjusted backwards by one second just before midnight GMT on December 31. Otherwise, man-measured time would get further out of step with the earth's rotation. The process is known as the "leap second", rather like the extra day in a leap year. This will be the 15th leap second since the device was adopted in 1972

Noble gesture Bernard Weatherill, the Speaker of the Commons, has decided not to take his full sal-ary increase, despite being so much more in the public eye than Speakers used to be. When Parliamentary salaries go up on January I, Weatherill will be entitled to a 4.77 per will be entitled to a 4.77 per cent increase, taking him to £56,951 a year. Like Mrs Mar-garet Thatcher, the Prime Min-ister, however, he has chosen to limit himself to the same payment as a Cabinet Minister in the Commons. Including a Parliamentary stlary of a Parliamentary salary of £20,101, that will leave him

with £55,221. In the distant past, the Speaker was regarded as the Monarch's "spy", and did not pay income tax. Weatherill has no such dispensation.

Foggitt's cat

Bill Foggitt's black cat suc-■ Bull Foggitt's black cat suc-cessfully forecast the weekend storm which ravaged Britain's coastline. "It jumped around and behaved strangely, just as it did before the hurricane of 1987," said the 76-year-old Thirsk weather sage. His barometer read 28.30 ins



"Kenneth Clarke hasn't been a very good boy this year, has he?

Betts says that she can find no connection between Chur-chill and Queensway. But she notes thet another guard at midday on Sunday, the lowest he has recorded in 22 years of taking readings. He was reports ghost sightings at four away at a local preachers' con-ference on the day of the 1987 stations over more than a decade, including hearing storm so did not take a readscreaming at Hangar Lane and feeling a ghostly hand around his neck at Bethnal Green. ing, although his neighbour insists that the glass fell lower It is not clear whether these were the ghosts of passengers

insists that the glass fell lower on that day. The weekend rain was wel-comed by the farmers. "I had a few extra pints in the Three Tuns on Saturday," said Fog-gitt. "Up to then the farmers had been moaning continually about the shortage of rain. We still waiting for trains to arrive.

Ahead of time are still nearly seven inches below average for the year." The average is just above 19 ins so far this year, by no means the lowest this century. The driver mes 1921 when 15 de Some Christmas cracker jokes in advance. How do yon get down from an elephant? You don't; you The driest was 1921 when 15.45 ins fell in Thirsk. get down from a duck. His only weather rhyme for this month is "chill December

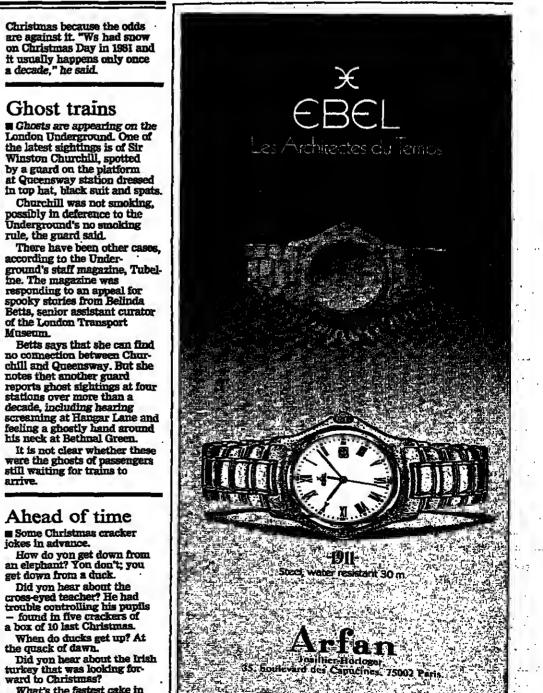
Did yon hear about the cross-eyed teacher? He had trouble controlling his pupils - found in five crackers of brings the sleet, blazing hearth and Christmas treat" which a box of 10 last Christmas

of the London Transport

Museum.

and Christmas treat "which he dismisses as romantic non-sense since it was written by Mary Shelley who wrote the Frankenstein story. "I don't think she knew much about the weather," said Foggitt. Foggitt is becoming cagey about forecasting a white When do ducks get up? At the quack of dawn. Did yon hear about the Irish turkey that was looking forward to Christmas

What's the fastest cake in the world? S'gone.



his will be the last Foreign Affeirs column of the Eighties. No pedant is going to convince me that 1990 does not belong to the Nineties

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Does it matter? A decade is an arbitrary slice of time, which human beings treat as a unit only because they themtreat as a unit only because they them-selves happen to have ten fingers. Yet human beings can be influenced by their own arbitrary labelling of time. The very fact of being in a new decade makes people feel different, which may in turn make them act differently. In international affairs, the Seventies

were marked by the prominence of "North-South" issues, while East-West tension gave way to détente. Western industrialised countries felt more threatened by the rise in the oil price than by Soviet power. Third World gov-eraments found their borrowing and bargaining power increased, and enter-tained hopes of a "New International Economic Order."

The Eighties saw a marked reversal of those trends. The Soviet invasion of Afghanistan, in the very last days of the Seventies, strengthened a growing Western apprehension that détente served only as a cloak for new Soviet advances. Within a year Ronald Reagan avances. Winn a year konain keagan was elected President of the US, promis-ing to restore America's lead in the global arms race. By the end of 1981 Poland was under martial law. The Sec-ond Cold War had arrived. In 1982 there followed the eruption of the "debt cri-sis." Although this was seen as a poten-tial threat to the orbitize of the Wart tial threat to the stability of the West-ern ... financial system, its real significance was the collapse of Third World hopes for development. After 1980, oil prices stabilised, and in 1985 they fell dramatically. Other raw mate-rials have followed oil more closely on the way down than on the way up. This would not have mattered if Third World countries had successfully industria-lised, but only a few of them did. The bulk of the Third World, having nothing to offer investors which could offset or compete with the interest rates Mr Reagan was prepared to pay to finance his arms build-up, simply ceased to be attractive to Western capital. In a gro-tesque inversion of all rational economics, the poorer two-thirds of the world has steadily reduced its living stan-dards in order to transfer resources to the richer one-third.

It is perhaps not surprising that we in the North, while shedding crocodile tears over this phenomenon from time to time, have bothered less and less about the Third World as the decade passed, becoming more and more absorbed with the affairs of our own hemisphere. For in these parts the sec-ond half of the decade has seen unfold a truly astonishing drama: not the End of History (as one hold American think-tanker has named it), nor yet the much-predicted End of Civilisation-as-we know-it; but indeed the End of Communism-as-we-knew-it, and perhaps even the end of "communism" as a name anyone will think worth using for a utopia that we know not yet.

It is natural that at such a moment we dwell on communism's spectacular and tragic failures. But let me here risk one very, unfashionable remark: Soviet Brezhney. The foremost member and shining symbol of it was, of course, communism has also been the victim of.



Edward Mortimer sees the next decade as reviving some themes of the 1970s

Eastern Europe: the end of the ideological challenge

its own success. Perhaps Russia would have progressed faster, economically and educationally, if in 1917 it had adopted some other system; that we can never know for sure. Certainly few other systems could have exacted such a terrible price for what they did achieve. But this barbaric system was one that could be imposed on a back-ward, predominantly rural country, in conditions of international and then civil war. Even after 1945 the Soviet

for granted, and judged their own coun-try by the highest international stan-dards, not only of military technology but of civilisation in the broader sense.

They judged it, and found it wanting. That elite gradually found its voice as the repression deployed to keep the in line softened, from the extremes of bar-

barism under Stalin to the still disgust-

ing hut limited unpleasantness of

Andrei Sakharov. A career like his would have been unthinkable in Stalin's time. Communism was an attempt at an historical short cut, adopted by rela-tively small groups of intellectuals and class-conscious workers in countries in

the early stages of industrialisation. A fully-formed industrial working class tends to prefer some form of social democracy, while the atomized "post-Fordist" workers of today - when

What will be at stake is the precise location of the frontier between global Haves and Have-nots

LETTERS

is a true picture of a common-

wealth or a human combina-tion of society. It hath fallen out sometimes that both

peoples were still helpless against it. But between 1945 and 1985 it did some-how produce a highly educated élite, comprising (it now seems) at least some millions of people, who took a mini-mum of civil and international peace for granted and indeed their own count strictly industrial jobs require a high level of education, and relatively unskil-led jobs are to be found mainly in the service sector – may turn out not to be interested in socialism of any sort.

That leads me to doubt whether East-West issnes will dominate the Nineties as they have the Eighties. It seems unlikely that we shall again con-front a unified Eastern Bloc propagating an ideology radically opposed to liberal capitalism. What we may face is a dangerously unstable situation in the former Soviet empire, with nationalist grievances feeding on economic hard-ship. That is to be feared in east-central Europe, perhaps even to be expected in the Soviet Union proper. But what will

be at stake is not the existence of a snperpower or a system aspiring to world domination, but the precise locaworld commanion, but the precise loca-tion of the frontier between global Haves and Have-Nots. The Nineties, I predict, will be a decade dominated to an even greater extent than the Seven-ties by North-South issues, but the more the present Hast is integrated into the North, the better will be the chance of managing those issues of managing those issues. That thought came to me during a

recent seminar at the Foreign Office on "the new UN agenda," which was sum-marised under four headings: narcotics, environment, terrorism and refugees. One participant remarked that we seemed to be treating the UN as a mechanism for "riot control": all four issues were presented as a threat to Northern comfort and prosperity emanating from the South Drugs, terrorists and refngees (sorry, "economic migrants") are all seen as undestrable Southern exports against which the North has to be protected; and even the slobbl evolution of the south of the south global environment is seen as requiring protection against the propensity of Southerners to burn down their rain forests, or simply to produce pollntants and consume non-renewable resources on an unsustainable scale by following

the Western model of industrialisation. Two other issues could be added the Two other issues could be added the proliferation of nuclear and chemical weapons and of missile technology, which is a matter of preventing sophis-ticated Northern weapons from getting into irresponsible Southern hands; and the population explosion, which aggra-vates all the environmental problems and makes the problem of refugees/mi-grants seem far more threatening than it otherwise would.

it otherwise would. On all those issues it will be easy for Southern spokesmen to argue that this presentation is profoundly racist, and to shift the blame back on to the North's own selfishness. The North long ago destroyed its own decidnous forests, and has already achieved industrial pollution on a scale the South can only dream about. The North provides the demand for narcotics, while restricting its imports of many other Third World products. The North not only supplies the technology of terrorism, as well as weapons of mass destruction, but also has contributed, through the legacy of colonialism, to many of the conflicts in which they are or might be used.

Third World populations are the main victims of all these phenomena. Even their galloping demography is a conse-quence as well as a contributory factor of their economic plight, thwarting every attempt at a solution. Is it surprising that increasing numbers of Sontherners seek to migrate to the North, that temperate El Dorado where alone, it seems, prosperity and relative security are attainable? Or that a des-perate few seek, through terrorism, to wreak vengeance on those they hold responsible for their fate, or to grab the attention of those they believe capable of doing comething chemistry. of doing something about it?

To escape from that dialogue of fear and recrimination, and to replace it with a constructive search for solutions that offer hope to Have-nots as well as reassurance to Haves, is the challenge the world faces in the last decade of the second millennium.

Airline deregulation

Making the EC's new plan effective

By Matthew Bishop and Mike Cronshaw

major deregulation of the European atrline industry has raised hopes among the public of cheaper fares and better services. A London Business School study shows that prices stand to fall by well over 20 per cent on some routes. However, this potential may not be realised unless further measures are taken.

At present, on most interna-tional flights in Europe, passengers have to choose between the national carriers of the countries at either end of a ronte, and must pay prices that are approved hy the gov-ernments of both countries.

From January 1 1993, govern-ments will no konger be able to guarantee national carriers a fixed percentage of capacity on a route. The ability of one government to veto price cha will end; future price changes will only be blocked if both governments disapprove. And governments have agreed not to discriminate against airlines as long as they meet certain technical and safety standards, and are able to operate economically.

There was no agreement, however, to "multilateral dere-gulation." This would enable airlines from one EC country to compete on routes between two others - allowing Air France, for example, to fly between London and Amster-dam. Without this step, com-petitive pressures will cer-tanly be less intense.

The potential benefits of lib-eralisation are illustrated by what has happened on routes on which the UK has achieved some early steps towards dere-gulation. The London Business School study shows that on routes where liberalisation has been followed hy new entry, prices have fallen sharply. Until 1986 the London Dublin

route was a traditional regu-lated duopoly shared between British Airways and Aer Lin-gus, Then the Irish airline Ryanair began flights between Dublin and Luton and a year later Virgin Atlantic followed Ryanair's example. By mid-1987 the two new entrants shared 25 per cent of route capacity.

The news that the Euro-pean Council of Minis-ters has agreed to a routes, with entry leading to prices for leisure travellers falling by an average of 20 per cent. Business fares have also fallen slightly. At the same time, flight frequencies have increased substantially. However, on some deregu-lated routes there has been lit-tle new entry - for example

London to Brussels. Here,

The explanation is that the routes where entry has not happened are dominated by business travellers, who look for frequent reliabla servicea rather than low fares. This makes life difficult for potential entrants, who lack an established product repotation and rely on lower prices for

their competitive advantage. What are the implications of these findings for the industry after the 1993 deregulation? First, the effects siresdy observed on deregulated Euro-pean routes will be extended to routes at present governed by traditional regulation - such as London to Paris, Europe's busiest scheduled air route. Fares can be expected to fall and service frequencies rise on

most of these routes, although there will be less room for fare reductions on routes which are already made competitive by charter operators, and fares for business travellers may not be greatly affected. Second, there is potential for a strengthening of the effects already observed. But this will

only be realised if multilateral deregulation is introduced. The London Business School study shows that on routes domi-nated by business traffic, new entrants have found it difficult to compete effectively with the established airlines after deregulation. Multilateral deregula-tion could solve this problem by allowing each of the Community'a large established air-lines to compete on any route. The attitude of EC transport ministers to this issue will be a

test of their commitment to a single market in aviation. There is one other threat: the danger that the market will be dominated by a few large airlines. In the five years after deregulation in the US, the

average fare fell by 20 per cent in real terms. However, a recent spate of mergers has left the top eight operators with 92 per cent of the market. Observ-ers are concerned that airlines have been able to obstruct entry, allowing fares to rise rapidly. A congressional study found that in 1988 the average fare in a sample of one-airline-dominated airports was 27 per cent higher than ot airports where no airline dominated.

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European airlines are currently provented from merging across national boundaries by domestic laws but they have domestic laws but they have anticlpated deregulation by forming olliances, usually through the purchase of non-controlling stakes. For exam-ple, only last week British Au-ways and KLM announced they had each purchased a 20 per cent stake in Sabena of Bel-gium. These link-ups will lead to greater efficiency. But the to greater efficiency. But the emergence of anti-competitive behaviour after a first flurry of post-deregulation activity can-not be ruled out. The European Commission's Competition Directorate needs to watch developments closely, and act

accordingly. This donger may be wors-ened by the present overcrowding of Europe's runways and airspace. Capacity con-straints may prevent the entry necessary to create competition; the current system of "grandfather rights" over airport slots and gates gives enormous advantages to the incum-bent national corriers. **Community Transport Minis**ters should agree to a market-based approach to allocating airport gates and slots.

In sum, the potential bene-fits from the liberalisation of European aviation are substantial. They will not be fully real-ised, however, unless multilateral deregulation is implemented and a few simple measures are taken to limit the scope for anti-competitive behaviour.

The authors are economists at London Business School Centre for Business Strategy

Deregulating European Aviation: the impact of bilateral liberalisation, Kim Abbott and David Thompson, Centre for Business Strategy Working Poper, LBS, June 1989

Loans for students

From Mr LJ. Bufton. Sir, Your editorial "Flawed plan for student loans" (December 11) suggests that present proposals will have dis-incentive effects which could be socially divisive and damaging to the objective of financ-ing a larger student population from a given higher education

In the early 1980s universi-ties had to cope with financial nes had to cope with instantial cut-backs in central govern-ment funding at very short-no-tice. One effect of this was to deny university education to a significant number of young people, since the cuts coincided with a peak in the proportion LJ. Bufton, 50 Keinscott Road,

of 18-year-olds in the popula-

tion. The early 1990s will see the proportion of 18-year-olds in sharp decline, particularly in the bottom two socio-economic classes. Some readers may be puzzled that policies can be puzzled that policies can be introduced at one end of the decade which jeopardised the chances of 18-year-olds enter-ing university when their num-bers were at their peak and which could prejndice their motivation at the other end of the decade when their num-bers are at their lowest. LJ. Bufton.

Turkey and EC membership From Mr Osman Streater.

Papists and Protestants, Jews and Turks may be embarked in one ship; upon which supposal I affirm that all the liberty of Sir, Yon report (December 18) that in view of Turkey's poverty, population and its tra-ditions which differ from those of the EC, the Commission was conscience that ever I pleaded for turns upon these two hinges - that nona of the Papists, Protestants, Jews or expected to give its application for EC membership a polite but firm brush-off. Turks be forced to come to the ship's prayer or worship, nor compelled from their own par-ticular prayers or worship, if Tha more civilised course was laid down by Roger Wil-liams in his Letter to the Town of Providence in 1655, when he wrote: "There goes many a ship to sea, with many hun-dred souls in one ship, whose weal and woe is common, and

they practice any." 1992 is the 500th anniversary of the Jaws' expulsion from Spain - and of their being invited to settle in his lands by the Turkish Sultan. Osman Streater. Savile Club, 69 Brook Street, W1

"motor" or "drive unit" or something similar. Govern-

something similar. Govern-ment departments and the pro-fessional engineering institu-tions would have to he persuaded to lead such a cam-

b) Preventing manufacturing

concerns from using "engi-neers" or "engineering" in

their company names, replac-ing these words with, for exam-

ple, "machining" or "machin-ery." Regrettably, this would probably require Government legislation, and so the chances

of its implementation are

PLACES.

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WE'RE GOING

In October we added Bouygues and Pernod Ricard (see map). And the latest news is that we're adding Havas and Rbône-Poulenc (C.I.P.) to the line, on 18th December. But the real news is, we just keep on growing. Which means if you're an international investor - institutional or otherwise - the opportunities we provide are growing t00.

In October, by the way, we beat our September record and all previous records, trading more than 440,000 contracts in the month. So if you want to go places, welcome aboard.

MONEP: The market on the move.

THE PARIS TRADED OPTIONS MARKET

Time to use a little ingenuity to improve engineers' status WHEN I GROW UP / WANT TO BE

From Mr Howard Densley. Sir, Like Max Wilkinson writing on the unsatisfactory treatment of yoing engineers (Lombard, December 11), I too presented myself some 30 years ago at the gates of a major

ago at the gates of a major British electrical company (English Electric Stafford) and now share his views. I am convinced that progress. can only be made by enhanc-ing the status of professional engineers. To me this means engineers. To me this means breaking the association in the public mind between engi-neers, and both engines (noisy, smelly, dirty) and engineering workars (considered to be "blue collar"). This association seems not to exist on the Continent. The French word for engineer is

French word for engineer is ingénieur, which suggests inge-nuity or cleverness. Engines are moleurs or machines. Some-

From Mr W.L. Greener. Sir, I take issue with the

in Georgetown, South Caro-

lina, is said to have been "bun-

97 0 04 one who builds or looks after

an engine is a technicien or mécunicien.

International Paper's competitiveness

A NON-BLUE COLLAR, DRIVE UNIT,

INGENUITY CONSULTANT

tant to the future of British

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I consider this is so impor

However, I see no other way in which "engineering" could come to mean the profession in which qualified professional industry that the following sures would be justified: engineers are engaged, and nothing else. a) Rendering the word "engine" obsolete in our lan-

lower than we would like, plac-ing us in a position similar to

that of many companies in today's market place. We

believe our stock price will

improva over time. The out-look would be far different if

investmants had not been

made to strengthen Interna-

tional Paper's position as a

global competitor.

Staff Vice-President and Director,

W.L. Greener,

ø

guage by replacing it with

Howard Densley, 7 Heronsforde, W13

remote.

Water level

From Mr E.C.S. Balfry. Sir, The media are nov trumpeting up and down the country the success of water privatisation. Yet, none of them has explained why the market in water shares opened before the much-wooed private investor received his allotment letter; nor why he is precluded from dealing at the outset of the market's opening. Why can the private investor not enjoy a level playing field with the institutions and market makers? Who dealt on the first day, and on what basis? E.C.S. Balfry,

1 Broadfern Road, Knowle, Solihull

BOUYGUES

RHÔNE-POULENC (C.I.P.)

HAVAS

PERNOD RICARD

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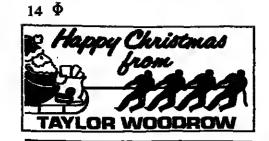
article abont International Paper headed "Dark sule of the enchanted forest" published in the Financial Times on Novemone of the most efficient, most productive paper mills in the The article states that International Paper has "no friends on Wall Street." According to The statement that International Paper was the "langhing stock of the world paper indus-try" is patently absurd. on wan sheet Tracking of Ana-lysts' Recommendations (STAR report) published by Research Magazine, International Paper has received more "buy" Throughout its history, Inter-national Paper has always been a competitor to be reckrecommendations each month for the past year than any other forest products company. oned with in the paper industry. Otherwise, we could not have become the largest paper Reconfiguration of our mill

gled." The Georgetown mill was converted from a liner-board mill to a white papers

and pulp mill. Since this project was completed, it has been

price of about \$50 per share is

Corporate Communications & State Affairs, International Paper 2 Manhattanville Road, Granted, our current stock Purchase, New York,



FINANCIAL TIMES



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Tuesday December 19 1989

BRAZILIAN PRESIDENTIAL ELECTIONS

Collor's clear lead lifts markets

By Ivo Dawnay in Rio de Janeiro

MR Fernando Collor de Mello, the centre-right candidate in Brazil's presidential race, last night appeared assured of a comfortable victory over his socialist opponent, Mr Luis Inacio Lula da Silva.

With 86 per cent of the 82m votes from Sunday's ballot counted, the Globo television state governor a lead of 3m votes over his rival – a one-time trade union militant.

As the results came in, As the results came in, financial markets reacted with exuberance. By midday, Sao Paulo's Boyespa index had leapt by 8.7 per cent to 5,146 points. Gold and the black mar-ket dollar exchange rates tum-bled with the latter dropping

Rolls-Royce and Snecma sign pact on jet projects

By Paul Betts, Aerospace Correspondent, in London

ROLLS-ROYCE of Britain and Snecma of France, Concorde's engine manufacturers, signed a new co-operation agreement yesterday which could lead to a second generation supersonic engine programme. The agreement will involve a

two-year programme to iden-tify realistic new supersonic transport (SST) projects. It is expected to be followed by other agreements to develop eventually a new SST engine. Rolls-Royce and the French state-owned aero-engine group will carry out a market survey with potential customers, identify feasible engine concepts as well as key technologies and additional test facilities for

joint investment. The agreement signed in Paris follows several months of discussions between the two companies and coincides with renewed interest in the development of new supersonic passenger jets on both sides of the Atlantic as well as in Japan and the Soviet Union

...Japan has recently decided to fund a major programme in supersonic and other high-speed propulsion systems and her instance for the systems and has invited foreign engine makers to participate.

Rolls-Royce and Snecma

from 22 New Cruzados to NCz19 (\$2.72) in early trading. Commentators said that the 4.9 Commentators said that the 4.9 per cent gap in favour of Mr Collor was expected to widen in remoter regions. Official figures published by the Supreme Electoral Tribu-nal confirmed the trend, pre-dicted by exit polls, with Mr Collor moving into the lead with 31 per cent of ballots in. The final result, not expected

of victory.

The final result, not expected until Thursday, is set to exceed eve-of-poll forecast which gave Mr Collor a narrower margin

The outcome is certain to come as a considerable relief to business interests both at home and abroad and a mas-sive disappointment to those

who have argued that Mr Collor represents Brazil's old oli-garchy in new clothes.

garchy in new clothes. In the closing days of the campaign Lule – as the Work-ers' Party (PT) candidate is known – had surged strongly, closing a 13 percentage point gap in the polls to promise vic-tory by up to 4 per cent. Last week, fears of a Lula presidency, until then dis-counted by the financial com-munity, sent the dollar to a 145 per cent premium over official per cent premium over official exchange rates. Mr Collor had campaigned on promises of a radical liber-alisation of the Brazilian econ-

omy with reduced protection-ism, more foreign investment, ism, more foreign investment, privatisation and sharp cuts in

subsidies, tax incentives and other government spending. By contrast, Lula had argued for corporatist prescriptions to solve Brazil's economic crisis including a partial moratorium on the internal debt to ease inflation now nearing 50 per cent e month. Mr Collor, who will succeed outgoing President Jose Sarney on March 15, is seeking to rene-gotiste with foreign commer-cial banks on their 368bn par-cel of the conotry's total \$109bn overseas debts. Brazil's is already, in effect, in morato-nium having failed to make a scheduled \$2.1hn interest pay-ment in September.

ment in September. Profile, Page 3; Editorial Comment, Page 12

shrug off Recruit scandal

Japanese

By Ian Rodger in Tokyo

THE Recruit bribery scandal shook Japanese political and business systems to their four-

business systems to their foun-dations and the principal fig-ures involved appeared daily in the heedlines just a few months ago. But predictions that the scandal would lead to whole-sale reform of corrupt fund-raising practices in Japanese politics appear to have been optimistic. The popularity of the ruling Liberal Democratic Party with the voters has recovered, although prime ministerial promises to put political reform at the top of the agenda at the beginning of the agenda at the beginning of the last two sessions of parlia-ment failed to introduce any

legislation at either. Last week, the principal fig-ures in the Recruit scandal came back into the public view as the trials of the accused finally got under way in a Tokyo court. Political strate-gists held their breath worry-

ing about the impact the trials might have in the run-up to the general election expected in February. They need not have both-ered There were no startling ered There were no startling new revelations and the Recruit defendants seemed, at

Recruit defendants seemed, at first appearance anyway, little more than objects of curiosity, rather like faded stars from an old television soap opera. There was Mr Hisashi Shinto, the 79-year-old former chairman of Nippon Telegraph and Telephone, the biggest company in the land, accused of taking a Y21.8m (\$151,000) bribe in the form of pre-flota-tion Recruit Cosmos shares for helping Recruit get into the helping Recruit get into the data communications busi-ness, hut still trying to main-tain a sense of dignity despite

his age and the circumstances. Then came Mr Takao Fujin-ami, the haughty looking chief ami, the haughty looking chief cabinet secretary in the Administration of Mr Yasu-hiro Nakasone, the former Prime Minister, categorically denying taking a bribe from Recruit in exchange for pro-longing a deal that enabled Recruit's employment publica-tions to thrive.

in cash each year, the £13m it wrote off in 1989 to shut one of its 13 UK sugar beet factories and shed 1,100 jobs was an And finally Mr Hiromasa Ezoe, the former Becruit chair-man whose largesse with his

The French had been expected to pick up stock in the priva-Fisons Share price relative to the FT-A Health and Household Index

THE LEN COLUMN

A French toe in

English water

to pick up stock in the priva-tised water companies, hut Lyonnaise des Eaux wasted no time. The heavy turnover on the first day of dealings was evidently too good an opportu-nity to miss; it would not be a surprise if Génerale, Lyon-naise's rival, had also heen in the market. This is good news for the small shareholder, who might otherwise have seen the premium drift away: the nack-220 ALL MYLA 180 premium drift away; the pack-

alicente la linner bet 1983 85 87 ford's £100m miscellany of below-the-line losses, ranging

from four New York office blocks to the £31m cost of cleaning up a small jewellery snbsidiary. To have a net £99.9m of extraordinary losses January outcome of the MMC's \$99.9m of extraordinary losses looks bad enough when set against Berisford's after-tax profits of only £77m. But while Berisford and its auditors have ' doubtless done the best job they can, any outsider is also bound to wonder what other problems could lurk in the undergrowth. That is before one even glances at Berisford's £600m plus of debt. Just as factors like these suggest a bid is some way off. inquiry into the Three Valleys merger of statutory companies, involving both SAUR and Génfraise. Lyonnaise, which has so far invested nearly £300m in UK water companies, is evidently playing for the long term. The golden shares only last fiva

golden shares only last fiva years; and with the partly paid yields on Lyonnaise's three stakes ranging between 12.5 and 14 per cent, there is no worry about carrying cost. Lyonnaise already owns the East Anglian and Essex statu-tory water companies, so col-lahoration with Anglian or even an assets swap are obvi-ous possibilities. And in the case of Wessex, Lyonnaise may have gained a seat at the table if Génárale, which has inter-ests in the area, makes a move. There are risks for the French in a Labour election victory, suggest a bid is some way off. helping explain yesterday's 6 per cent drop in the share price to 144p, they make the job of assessing Berisford's funda-mentals almost insurmountable. British Sugar will steam slowly ahead; but pretty much everything else depends on how long it will take Berisford to get on with the self-imposed task of unwinding its miscel-lany of property, financial ser-vices and commodities trading in a Labour election victory, but a large European holding could also limit Labour's room

Fisons

. . .

The relactance of tha UK corporate sector to issue equity at present looks all the odder On the basis of yesterday's annual figures, only the most headstrong predator would seize upon Mr Ephraim Margu-lies's departure from the helm as a one to take a run at Beris-ford International. True, Brit-ish Sugar is still there, throw-ing off somewhere over £125m in cash each way the 115m it at present looks all the odder given the market's reception of the £211m Fisons rights issue. Despite this being Fisons' sec-ond cash call in just over a year, the shares have fallen only 4 per cent since the news leaked last Friday. This is the more' remarkable in that Fisons, with a multiple of 15.5 times current year earnings. times current year earnings, proposes to pay 21.6 times for a company whose earnings this

to question. So is the basic strategy of what the market sees as n pharmaceutical com-pany ending up with 72 per cent of its sales and a third of its profits in scientific instru-

its profits in scientific instru-ment making. Both bits, says Fisons, should grow at a similar rate in the 1990s; the world market for instruments, like that for drugs, is apparently growing by between six and eight per cent a year. Whether the mar-ket assumes such a modest rate of growth for Fisons' phar-maceutical division is unclear. maceutical division is unclear. The prospects for Tilade, the group's one hig new drug, are hotly debated. The more mod-est the outlook, the more sensible it is for Fisons to take up a position as number four in the world market for scientific instruments; the more ques-tionable, too, its drug industry rating.

UK Paper

Fletcher Challenge's £299m counter-bid for UK paper is good news for the stock margood news for the stock mar-ket. Only a couple of months ago, investors were only too happy to hand over DRG to Pembridge at less than 12 times historic earnings. Now a company from the other side of the world offers to pay close to 30 times fully taxed earnings for another UK paper company with a more doubtful long-term future than DRG. It is one thing for companies like Ford and Deutscha Bank to pay fancy prices for strategic UK acquisitions; but when this sort of thinking permeates the lower levels of the corporate jungle confidence must surely be picking up again. In terms of industrial logic there is not a lot to choose

there is not a lot to choose between Metsa-Seria, the Finnish company which started the bidding, and Fletcher Chal-lenge. Both companies need to diversity and would bring similar sorts of benefit to UK Paper. Fletcher Challenge has the advantage of being considerably bigger, has already bought a substantial chunk of the equity and has persuaded the management to switch

ddes. But at 375p, the price now being put on UK Paper has far more to do with tha value attached to longer-term strateelse; and it is impossible to put a value on the Finns' desire to establish a UK foothold. By insisting that their first offer is final, the New Zealanders have given the Finns the opportunity to capture UK Paper by offering another 15p or so.

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Yelena Bonner, Andrei Sakharov's widow, places a bonquet of flowers beside her husband before his burial in Moscow yesterday. Service becomes rally, Page 2

Britain reorganises department for export credit guarantees

By Peter Montagnon, World Trade Editor, in London

THE BRITISH Government's Export Credits Gnarantee Department is to be split into two with the aim of privatising its profitable insurance services group which specialises in short-term export credit The decision, announced yes-terday by Mr Nicholas Ridley, Secretary of State for Trade

and Industry, is mons the most far-reaching reor-

once the single market was established. after privatisation, although thereafter it would be on its own. Political risk is that The Government will shortly which arises through non-payment as a result of government action rather than commercial bankruptcy.

The Government will shortly introduce legislation which will allow the Cardiff group to be re-established as a fully state-owned company by April 1991. Private capital should be introduced "quickly" thereaf-ter, he said in a written state-ment to the House of Comment to the House of Com-

Exporters heve long accepted the need for Cardiff, which is heavily dependent on European husiness, to he granted the independence it The statement included a needs to operate internation-

age unit was up another 7 per cent yesterday for old-fashcent yesterday for old-take-ioned speculative reasons. An immediate bid, however, is highly unlikely. Despite Mr Ridley's recent remarks on golden shares, it would take considerable nerve for the Gov-ground to shares. ernment to abandon a water company to a bidder ahead of an election. Its longer term attitude could emerge from the

have expressed interest in the Japanese programme, which under their new agreement, would become a joint activity. Rolls-Royce has also had dis-cussions with the Soviet Union over the development of an engine for the proposed super-sonic business jet which Gulf-stream of the US and Sukhoi, the Soviet company, are now

jointly studying. Rolls-Royce, however, said the proposed US-Soviet jet could be the forerunner of a larger passenger aircraft.

Snecma has also recently had talks on supersonic engines with the Soviet Union. **Rolls-Royce said these various** discussions could also become a joint activity.

Rolls-Royce and Snecma have cooperated on tha Olympus 593 engine for Concorde since 1962.

Airframe manufacturers have also been showing increasing interest in a new generation of supersonic aircraft for the next century.

In New York last week, Mr Jean Pierson, chief executive of the European Airbus consortium, argued for a single internetional co-operation pro-gramme to develop a new Supersonic aircraft. He claimed this was not a

utopian dream. "I have nothing against the idea of an international consortium based in the US that would bring partners from Europe, the US, the Far East to co-ordinate, manage, market, support, assemble and deliver such an aircraft," he told the New York Wing's Club

He warned, however, that such a consortium could only work if it was a true partnership of equals. If one partne sought to rule. Mr Pierson said there would be no doubt that Europe, through Airbus Indus-trie, would go it alone.

H. Kong

WORLD WEATHER

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ganisation in the department's 70-year history. The changes are broadly in line with the recommendations of last summer's report on the department's future drawn up by Mr Robert Kemp, a former BCGD official

finish its own single market

project and to take the first

steps towards monetary union before contemplating any increase in the number of

22, 72, Rhoden 4, 29, Ria de Jo 27, 61, Rome 29, 64, Setzburg 29, 72, Sen Francis 21, 70, Secul

Sectors

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Treasury. Mr Ridley said the privatisa-tion of the insurance services The project group would remain. It would be reviewed group, based in Cardiff, Wales, to see whether it should be a would "enable ECGD to take advantage of the opportunities department of government or a more market-orientated agency, hut its premiums offered by 1992 and to meet the increased competition that will arise." Speed was essential would have to rise, especially in higher risk markets, he said. because of expectations that As a further concession the European Community would move to han statenegotiated from the Treasury, Cardiff would be allowed to owned credit insurers from reinsure "political risks" with operating inside its boundaries Government for three years

reprieve for ECGD's loss-makally after 1992

ing project group which pro-vides medium-term insurance Their initial relief at the project group's reprieve was. however, tempered hy concern for capital goods exports and has been under threat of cloover the prospects of higher sure following criticism of its premiums financial performance by the However, Mr Ridley told

reporters that the premium increases would not involve overkill. "We do very much want to make (the project group) a viable coocern even though it is staying in the pub-lic sector," he said. No decision had yet been

Matutes would not elaborate

on such circumstances, hut the

let-out presumably refers to possible reunification between

the two Germanys. However,

yesterday's opinion on Turkey is likely to give pause to Cyprus and Malta which have

heen weighing whether to lodge EC membership applica-tions with Brussels. Mr

Matutes is preparing new pol-icy initiatives towards Mediter-

reancan countries, although he said yesterday this was not, of itself, aimed et flashing "a red

light" at other membership

taken on how Cardiff would be privatised, but it would almost certainly be a "trade sale" rather than a stock market floatation. There would be no objection to foreign bidders.

started it all, still looking a thin strip of a bobby dazzler but with a harrowing tale of tortuous interrogation hy scandal investigators to tell. "I was about to go mad," Mr Ezoe told a hushed Tokyo court un Friday

Predictably, the defendants have all pleaded innocent and their trials are expected to be long and tedlous - with one exception. Mr Shinto, who until a year ago was one of the most respected senior busi-nessmen in Japan, has appar-ently decided he wants a quick trial so he can get on with what remains of his life. Despite his disgrace, the god of management, as ha was once known, has been in demand as a consultant both inside and outside Jepan and he etill plays golf several

times a month. In court on Wednesday, he calmly admitted most of the charges against him. Yes, he had received 10,000 shares of Recruit Cosmos. Yes, he knew that the shares were certain to rise sharply in valua after their flotation on the over the counter market. But no, this did not constitute bribery and he had not used his position within NTT to do any special basiness favours any special business ravours for the Recruit group. Mr Shinto argued thet offers of shares in a company are common business practice and receipt of an offer is a sign of

trust and a request for long-term relations. Mr Shinto's defence means

that the Recruit scandal will probably have a lasting impact on at least one aspect of Japanese public life. The court will have to decide whether or not the widespread practice of lav-ish reciprocal gift-giving between supplier and client companies is incompatible with laws restricting bribery.

sourcezed out of that business. Nor can the share register continue in its present unstable state for ever, with ABF at Pennwalt, acquired last year, nearly 24 per cent and Mr Larry Goodman at nearly 12 VG Instruments will pay very little tax under Fisons' man-

for manoeuvre.

Berisford

agement. What this means for the quality of earnings is open The hitch lies with Berls-

were in 1986. According to Fisons, no dilution will be involved; like

The Future of **European Agriculture A COMMON CONCERN**

Agricultural policy affects everyone. It will play a crucial role in determining the quality of the food we eat and of the environment we live in. Settlement of the food trade disputes in the next year is vital if the current Uraguay Round of negotiations is to lay the foundations for a harmonious international economic order.

This Report is the work of two leading experts, Conrad Caspari and Edmund Neville-Rolfe, who succinctly explain technical issues from how the USA's price support system compares with that of the EC, to the forthcoming biotechnologies. They provide cogent arguments for their expectations of the direction of change into the next century.

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- Background to The Common Agricultural Policy
- > Agriculture and The EC Budget

International Trade Implications of The CAP

- > The Agri-Monetary Problem
- > Rural Policy and Income Support > Structural Adjustment
 - > 1992 and Beyond

> Forestry

> General Conclusions

Part two - Future Developments

> The Impact of Biotechnology

> Problems of The Environment.

> Future Production: Stimulus and Limitation

Special Report No 2007. Published September 1989. Price: £140 UK & Europe; US\$295 North America; £143 Rest of World.

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• !	increase in the number of	day a Community member or
	member states.	on our readiness to help Tur-
r	But in its opinion, relayed	key to make progress and come
	yesterday to Ankara and to the	closer to us."
	EC's 12 governments, the Com-	Mr Matutes's public remarks
		were more conciliatory in tone
	treatment of workers, citizens,	than the Commission opinion
	and minority rights still fell	itself or much of the debate on

Turkish bid rebuffed Continued from Page 1

and minority rights still fell short of accepted Community political standards, while its Turkey among the 17 commis-sioners which lasted until 1 am relative poverty and large popvesterday. Some commissioners, not only Ms Vasso Papanulation - containing as many farm workers as exist in all 12 dreou, the Greek Commis-sioner, apparently queried whether Turkey really belonged in Europe, although Mr Matutes said that Brussels EC states together - would overburden Community resources. In addition, the Commission said "it could not overlook the negative effects" of the disputes between Turkey and one EC state, Greece, as well as the lack of progress in overcoming the division of ship bid. Cyprus. Mr Abel Matutes, the Span-

ish commissioner responsible for Mediterranean policy, told a press conference: "We don't think therefore that it will be exceptional circumstances. Mr

lem religion in preparing its view on the country's member-The Commission opinion rec-ommended that the Comminity should not even consider enlarging its number before 1993 at the earliest, barring the past eight years.

possible to begin negotiations - which does not in any way

cast in doubt the basic eligibil-ity for Turkey to become one day a Community member or

To soften the blow on Ankara, Mr Matutes yesterday stressed the Commission's had never examined the issue of Turkey's predominant Mosdesire to exploit to the full Tur-key's 1963 treaty of association which, uniquely among such which, iniquely among such agreements, envisaged the pos-sibility of full membership. He expressed the Commission's desire to "get through the logiam" created by Greece blocking Ecu600m (\$660m) of Community aid to Turkey for the next sight years

Suez refinances takeover Continued from Page 1

Mr Jean Peyrelevade, UAP's chairman. UAP will pay for about FFr7bn of its investment from its existing cash resources, with a further FFrihn to FFr3bn of medium-term debt. In addition, UAP plans to float 10 per cent of its capital - it is at the moment 85 per cent owned by the Government, well within the limits on state-owned companies - next March, raising about FFr5bn more in equity. Mr Peyrelevade said yester-

day that Victoire would have total management autonomy as Sun Life and Royal Belge did already, but that the 34 per cent stake meant that no stra-tegic decision could be taken without his group's agreement. In the domestic market, he said, Victoire and UAP would continue to compete with each other. He saw possibilities for co-operation, however, in areas such as reinsurance, travel and emergency assistance services and perhaps joint acquisitions have been written into the EC-Soviet accord. in the inture.

Continued from Page 1 fuels which already enter the Community tariff- and quota-free, and therefore the volume of trade affected by the new concessions is relatively small. But Soviet negotiators have aridentity remained their BC evidently regarded their EC negotiations as a trial run for their country's eventual entry into the Catt (General Agree-ment on Tariffs and Trade), whose provisions on non-dis-criminatory traiff traitment criminatory tariff treatment and commerical safeguards

Soviets sign new deal with EC



FINANCIAL TIMES COMPANIES & MARKETS



Tuesday December 19 1989

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French win their revenge

In a previous life Carron Phoenix cast the can-non that Nelson used at the Battle of Trafalgar. But now - after hearly two centuries - the French have won their revenga, and the Falkirk-based sink manufacturer is agreeing to a £6.8m takeover by Groupe Bene, a private company. Like Carron, Bene is principally Involved in the manufactura and sala of domestic sinks, it argues that the two companies' product ranges and production techniques and complemantary and that linking them will create a force that is well placed to compete in the European market. Page 19

Cashing in on coins



What will people be hoping to see in their Christmas stockings in the 1990s? Platinum koalas perhaps. GoldCorp Australia, the Western Australian state-owned company, which markets precious metala coins is overhauling markets precious metala coins is overnauling its marketing to boost collectability. In future, GoldCorp will offic, new designs on its gold and platinum coins every year. And if will launch them every November to ensure avail-ability for Christmas gitt-giving and tha Chl-nese New Year. Page 28

Mystery in the market

There is a mystery at the centre of tha market, for commarcial bank loans to developing coun tries. Dealars say their inventories have not been growing; In fact, some which formariy haid loans in order to make a market are no longer doing so. So, where have all those toans been going? Stephen Fidlar investigates. Page 18

Exciteme	int on t	the fr	inges .

Sweden The excitement in the world stock markets FT-A World index in areas was mostly conlocal currency anna fined to the sidelines last week. The big markets let the side down as declines in France, West Germany, and the UK left Europe recording a decline of UCT per cent, but there were solld per-

11 12 13 14 18 formances in less hal-December 1989 lowed areas, particularly Sweden, which had a rush of corporate finance company mergers and acquisitions early next year. The result was a 4.2 per cent rise on the Stockholm bourse, just as some observers were saying that its really good times were over, Page 49 activity and the promise of a further wave of

Marriott to restructure business

By Roderick Oram in New York

MARRIOTT, the leading US hotel chain, said yesterday it would concentrate more strongly on its core lodging and food service businesses by shedding its airline catering, fast food and family res-taurant operations and streamlin-

ing its management. The resulting write-offs and pre-tax restructuring charges will total between \$275m and \$325m in its fiscal fourth quarter coding December 29. It will also pur-chase 10m of its shares over the next year. This means the company will have bought back some 35 per cent of its equity in four

years. "As we move into the 1990s, we

By Maggie Urry in Landan

FLETCHER Challenge, New

Zealand's largest company, yes-

terday made a cash counter-offer for UK Paper worth £299m

(\$466.4m). This tops the £263m cash offer made last month by

Metsa-Serla, the Finnish forest

Metsä-Serla responded hy say-ing it would consider making a still higher bid. UK Paper shares rose 42p to close at 378p, 3p above

the Fletcher Challenge offer price

The development vindicates

of 375p a share.

want to sharpen Marriott's focus on mega-markets in lodging and contract services which together have an estimated aggregate potential of more than \$400bn in (worldwlde) industry annual sales," said Mr Bill Marriott, chairman.

The company, founded by Mr Marriott's father in 1927, expanded rapidly in recent decades, huilding luxury hotels known for their spectacular atriums. It has diversified in recent years into, for example, low-cost hotels through its new Fairfield Inn chain, and retirement housing. The company is admired on Wall Street for its financing acu-

men. Typically it huilds hotels, sells them to investors and retains management contracts. This techniqoe helps it keep its capital free for further construction projects. In the 12 months ended September, it added 89 hotels with 15,000 rooms to its network of 538 hotels with 135,000

Mr Marriott said the company's our startost said the company's core businesses had the potential to grow at 15 to 20 per cent a year. The operations it has decided to sell are profitable but failed to show the same potential. In fiscal 1888, Marriott reported net profit of \$232m, or \$1.95 a share, on revenues of \$7.4bn.

Restated for yesterday's actions, continuing operations would have shown net profits of \$189m, or \$1.59. It said fiscal 1989 profits from continuing operations will he slightly higher after the restructuring charges and gains from asset sales.

The charges comprise between \$25m and \$250m associated with the continuing lodging and food service operations, such as writ-ing down estimated sales value of some properties, and \$50m-\$75m for leaving the restaurant husialso seeking huyers for 434 family

airline catering division to Cater-air, a new private company

Paper succeeds, it will form the

basis of further expansion in

lenge picked UK Paper as an attractive takeover target in

Mr Mace said Fletcher Chal-

Europe.

cal area.

formed hy some of the division's senior executives. The \$570m deal closed last Friday and will result in a \$200m gain for Marriott. In fast foods and family restau rants, Marriott said it had con-ciuded that it was unrealistic for it to become a national leader in the face of entrenched hrands.

The company is in "serious discussions" on the sale of its Roy Rogers division which operates or franchises 600 hamhurger out-lets in Mid Atlantic states. It is

restaurants including 235 under the Bob's Big Boy name and 57 nnder the Howard Johnson brand. ness. It has sold its Marriott In-Flite

Fisons to buy VGI for £270m By Clare Pearson in London

Hunting

Gate

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FISONS, the diversified British pbarmaceoticals and hortlcnlture group, yesterday announced o £270m (\$433m) recommended hid for VG Instruments with the blessing of BAT Industries, 69 per cent shareholder in the UK scientific instruments concern

The deal will make Fisons the fourth largest player in the \$6bn world scientific instruments market. It will be financed in part by a one-for-eight rights

The cash offer, which has been accepted hy BAT, is pitched at 535p per share. There is also an offer of 1.61 new ordinary shares in Fisons for every onc in VGL or £535 nominal of new Fisons loan stock for every 100 VGI

shares. Fisons' shares rose 5p to 340p resteriaty in approval of the acquisition and also, some said, in relief that the rights issue was not larger. Priced at 290p, it raises a net £211.1m.

The purchase terms for VGI were slightly lower thon the highest market expectations last week, when the company said it was in discussions with a hidder. VGI's shores yesterday closed 19p lower at 516p. For BAT, which is accepting

cash, the disposal marks the first and simplest stage of its volun-tary "unbundling" process pre-cipitated hy the hid from Sir James Goldsmith's Hoylake con-

sortium in the summer. Aside from BAT's 68.7 per cent stake, irrevocable undertakings to accept have been received in respect of a further 2.1 per cent of the shares.

of the shares. Fisons yesterday forecast that its pre-tax profits for 1989 would rise to at least £165m from last year's £132.1m. It expected to pay a final dividend of 3.85p, making 6.2p (5p) for the year. A desire to keep VGI in British hands, and make sure its decen-tralised management style was

tralised management style was maintained, is thought to have weighed with BAT in choosing Fisons over other contenders for the company. Mr John Kerridge, Fisons'

chairman, said he saw growth prospects of about 10 per cent a year for the world's scientific instruments market. "We saw a chance here to stop n

involvement in a very good busi-

Luonnico dos Fairs

UK Paper's directors had rec-ommended the Metsä-Serla hid to shareholders, saying that its pre-tax profits would fall from £19m institutions selling shares yesterto 215m this year. But they had not agreed to accept the offer for

their own shares. Yesterday, UK Paper's direc-tors gave Fletcher Challenge, which is a leading pulp and paper group, irrevocable commitments to accept its offer for the 7.5 per cent of the shares they hold. In return, Fletcher Challenge said its offer was final and would not be increased. Fletcher Challenge was able to

those UK Paper shareholders and stockbrokers' analysts who have said that the Metsa-Serla offer, at huy UK Paper shares, including a 330p a share, undervalued the purchase of 2.75m shares from Electra Investment Trust. Other

day included Norwich Union and Scottish Mutual Assurance. Fletcher Challenge's stake hy the end of the day was thought to be approaching 20 per cent. If Metsä-Serla is to hid again, it is expected to do so rapidly, hefore Fletcher Challenge has

NZ group counter-bids £299m for UK Paper

built up an unassailable share

Mr Garry Mace, chief executive officer of Fletcher Challenge's forest products division, said the company had heen looking at making an acquisition in Europe for some time. The company has pulp and paper interests in New Zealand, Australia and North and South America. If its bid for UK

Name	Size of state	Approx.
Now Water PLCs		
Anglian	9%	£43.8m*
Wessex	8%	£10.3m*
Severn Trent	2%	£10.2m*
Statutory water companie	•	
Essex	100%	£47.6m+
East Anglian	100%	£21,6m+
Newcaste & Gatesheed	100%	£39,1m+
Sunderland & S. Shields	100%	£35.9m+
Brintol	18%	£5.0m
Others		
PFG Hodgson Kenyon	15%**	£8.6m
(funeral director)		
Sitaclean Technology	100%	-
(waste disposal)		

French group buys into UK companies

By Andrew Hill in London

LYONNAISE des Esux, which has spent about £50m (\$78m) on stakes in three of the newly pri-vstised water companies, has called a halt to further market nurchases

pliers, but would be prevented from bidding for a water com-pany by the Government's "golden share" and the 15 per cent limit on stakes in each com-The diversified French water company - which has interests ranging from funeral directing to cable TV - confirmed yesterday that it had amassed 9 per cent of pany. Lyonnaise will have spent 5300m in the UK by the time it has paid the third instalment on Anglian Water, 6 per cent of Wessex Water and 2 per cent of Sev-ern Trent within a week of the start of dealings. It did not apply Générale des Baux, is also

March this year. However, Fletcher Challenge was not among the potential suitors UK Paper talked to before agreeing the Metsä-Serla bid. Mr Mace said Fletcher Chal-burget etmosthe were in such smoother profit performance. Mr Hugh Fletcher, chief execu-tive officer of Fletcher Challenge, said the 375p offer looked high against UK Paper's forecast current year earnings of 17.4p a share, hut added: "You do not huy on the basis of one year's

Serla, is a net seller of pulp, whereas UK Paper is a net pulp buyer. Integrated companies – which both make and use pulp –

can balance the swings in the pulp price and so produce a

lenge's strengths were in such paper grades as newsprint and lightweight coated paper, so UK Psper's fine paper activities would take it into a new product earnings." Fletcher Challenge is being advised hy MacArthur and Co, Metsä-Serla hy Shearson Lehman and UK Paper hy Schroders.

area as well as a new geographi-Fletcher Challenge, like Metsa-Lex, Page 14

Droams of the East

A long-held dream looks like coming true for three London securities firms. For the Tokyo Stock Exchange has bowed to pressure at home and abroad and decided to admit 10 new mambers, three of which are likely to be for-aign firms. The decision announced yesterday is a victory for a long-running campaign by tha UK Government, Page 16

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2



partly paid value

- value of agreed bid

" convertible to a 25% stake, held through Lyonnaise subsidiary Pompes Funerbres Generales

Christing Morin-Postel: a strident Joan of Arc at the head of French forces

Swimming for beginners while the sharks circle

Andrew Hill examines the French raid on UK water companies

A sked to pick the appropri-ate metaphor to describe their first week as a quoted company, the directors of Anglian Water would probably select "thrown in st the deep

and". Exactly sevan days ago the water company was enjoying its first day on the market. Today it is contemplating co-existence with a large French shareholder – Lyonnaise des Eaux – best-known in the UK for buying four of the UK's private sector water companies in the last 18 months. "It's been quite s wesk -we've had to learn abont things rather quicker than wc might have expected," said Mr Alan

Smith, financs director of Anglian, yesterday. Lyonnaise, never slow to act once it has decided what lt

wants, has built up stakes in three of the newly-privatised water PLCs: 9 par cent in Anglian. 2 per cent in Severn Trent and 6 per cent in one of the

smaller companies, Wessex. According to Christine Morin-Postel, a Lyonnaise vice-presldent, the gronp will bave invested some £120m (\$192.4m) once it has paid the last two instalments on the water shares.

That means Lyonnaise -France's second largest water snpplier - has pumped about £300m into the UK in the last couple of years. That includes the purchase of a stake in PFG Hodg-son Kenyon International, the British funeral director, and the establishment of a subsidiary to tender for local authority waste disposal contracts.

The strategy has won Lyon-paise an unwelcome label as the most aggressive of the three French investors in the UK water industry, and critics have characterised the high-profile Mme Morin-Postel as a strident Joan of Arc, leading the French forces. Such criticisms ignore the fact that the other French water sup-

pliers involved in the UK water industry - Compagnie Générale des Eaux and SAUR, a subsidiary of Bouygues - have also bought four statutory companies apiece. All 12 bids were recommended hy the targets. Mr Stuart Larnder - finance

director of Severn Trent, one of the largest water PLCs - is scep-tical about French takeovers, the prospect of which has fuelled a frenzy of dealing in the past week. "Basically the French are taking an investment position and their is the way it will store and that is the way it will stay for the foreseeable future," hs

in any case, several obstacles stand in the way of full hids for any of the water and sswage

• States and the states of association • States and a states of a states of association and a state • States and a states of a states of association • States of association beyond that date.

Mr Nicholas Ridley, the Trade and Industry Secretary, suggested last Wednesday that the Government had reservations about special shares, hut they clearly remain a potent short-term defence against take-over. Waiving them and allowing French companies to bid would also create political difficulties, as yesterday's vociferous criti-cism from the Labour front bench suggested.

• Even were the golden share dropped, a bid for one of the 10 water companies would be referred automatically to the Monopolies and Mergers Commis-sion. The commission would examine mergers of existing sup-pliers very closely, liaising with the Director General of Water Services. The commission might veto further consolidation on the grounds that beavy French investment had already reduced comparative competition.

An MMC ruling on the pro-posed merger of three statutory water companies north of London should provide some clues as to likely policy on future margers. The ruling is expected hefore January 12 and has the added spice of French involvement because, if allowed to proceed, Generale des Eaux would proba-

hly be left with a controlling stake in the enlarged company. ● To buy even the smallest new-ly-privatised water company – South West – would cost Lyon-naise some £360m, fully paid. The largest of the 12 French bids for statutory water companies was only £58.6m.

yonnaise and Générale des Baux, France's largest water company, and even SAUR, if backed by its parent Bouygues, could probably finance such a takeover, but Mme Morin-Postel believes Lyonnaise has spent enough for the time being SAUR is more likely to concen-trate ou joint ventures with the

companies than on complex and politically unpopular predatory bids. It has already signed agree-ments on waste disposal with Southern and Welsh Water. Générale, also thought to bave bought water company stock in the last week, has yet to comment on its strategy. A full takeover would also

depart from Lyonnaise's international strategy. That involves building a collection of joint ven-tures or minority stakes. The Freoch group is known to he looking for an industrial partner - not a water company - for Lyonnaise UK, which holds its British water investments.

None of those drawbacks is likely to stem the tide of market interest in the Government's most controversial privatisation which helped push almost all water stocks np yesterday. As one industry analyst put it yes-terday: "Water will run and run."

for shares in the public offersfor-sale.

Mme Christine Morin-Postel, a senior vice-president of France's secool largest water company, said that was the full extent of the group's boldings in the newly-privatised companie

She ruled out further stakebuilding and said she was scep-tical about the possibility of full in the new companies. takeover bids.

thought to have been active u the market last week, hut has yet to announce stakes.

companies.

Lex, Page 14

ness," he said. Fisons' scientific instruments division made £14m Directors of the newly privatised companies seemed shocked by the speed of the French move, (£12m) in the first half of 1989. VGI is forecasting pre-tax profalthough they had expected early stake-huilding. Mme Morin Postel was also

Lyonnaise already owns four of

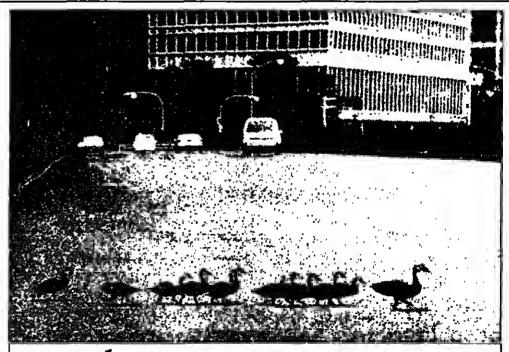
the UK's 29 statutory water sup-

shares in the privatised water

Lyonnaise's rival, Compagnie

its of abont £22m for 1989. against £19.2m last time, and earnings per share of 24.8p (22.81p). Lex, Page 14; Background, Page surprised by the scale of trading

19



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- 1

INTERNATIONAL COMPANIES AND FINANCE

Berisford chairman quits after disappointing results Combustion

over active management o

Nsw York property portfolio following serious financial dif-

• Commerzbank, the West

German banking gronp, has

sold 50.13 per cent of ADV/ Orga F.A. Meyer, an ailing soft-

ware company, to Sema Group,

DM6m depends on future prof-

By Clare Pearson in London

16

MR EPHRAIM Margulias yesterday said he was stepping down after 11 years as manag-ing director of Beristord Inter-national, as the UK sugar pro-cessing, commodities and property group announced dis-appointing results for the year to September 30.

D September 30. Pre-tax profits of £107.3m (\$171.7m), up from £101.6m in 1987-38, were held back by a £25.8m exceptional item. There was also a £99.9m below-the-line debit, swelled by involvement in the depressed New York property market.

Earnings per share rose to 15.7p (14.2p), but a final divi-dend of 4.4p leaves the full-year payment static at 6.2p. The new chief executive is

Mr Peter Jacobs, managing

By George Graham In Paris

CAP GEMINI SOGETI, the

argest European computer ser-

vices group, has announced four new acquisitions, reinforc-

ing its presence in continental Europe and in the US.

Apsis and Aptor, two sister companies in France, Cap

Gemini's home market. The two Grenohle-based companies, with sales of around FFr55m (\$9.34m), speci-

alise respectively in industrial automation and local indus-

trial heterogeneous networks. Accept Data, a Swedish com-

pany with turnover of around Skr100m (\$16m) in 1989, will

By John Wicks in Zurich

LANDIS & GYR, the Swiss

slectrical engineering concern, yesterday reported a group loss of SFr13.4m (\$8.65m) for the year ended September 30,

reflecting costs of SFr61m for

corporate restructuring. Excluding the restructuring,

earnings would have been abont SFr47.6m, compared with SFr62.3m in 1987/88, the

Zug-based parent company

reduction of the annual divi-

The board is to propose a

The acquisitions include

director of Bristar, the agri-buainess division, which includes British Sugar, the beet processor which dominates the UK sugar market. Mr Margulies remains executive chairman.

Ths appointment of Mr partners. Jacobs underlines Berisford's plan to de-emphasise its prop-erty, commodities and finan-cial sides. Mr Margulies has been with Berisford since he Christopher Bobinski writes from Warsaw: Berisford has told the Polish Government it is willing to establish a joint venture with the country's entire sugar processing indus-try. In October, British Sugar reversed his commodities trad-

ing operation into it in 1970. Mr Jacobs said he preferred to see the new corporate stratty. In October, minut Sugar took a 51 per cent stake in Sugarpol, a joint venture with two Polish plants. Talks on the offer with Mr Czeslaw Janicki, Poland's agriculture minister, are expected to take place in egy as focusing on Bristar, rather than selling off the rest. But Mr Philip Aaronberg, chief financial officer, said the company was seeking "suitable January. Lex, Page 14 solutions for the departure out

Cap Gemini makes acquisitions

join Cap Gemini's existing sub-

sidiary in Sweden specialised in financial market informa-

tion systems. In the US, Cap Gemini will acquire Merit Systems, an

industrial computerisation con-sultant based in Detroit, Michi-

gan, with turnover of around

announced plans for raising up

to FFrithn of new capital over the next few years, is also understood to be in negotia-

tions with Saatchi and Saatchi of the UK for the purchase of

the latter's consultancy subsid-

Landis & Gyr set to cut payout

iary Gartner.

11 per cent.

Cap Gemini, which recently

ABB holds 96.7% of Engineering

of the group" of the other divi By William Duliforce in Geneva Berlaford said it had taken

running campaign by the Brit-ish Government, spear-headed by Mrs Thatcher, to win entry for two Britisb-based compa-ASEA BROWN BOVERI (ABB). the Enropean engineering group, reported that it holds 96.7 per cent of the shares of ficulties encountered by its Combustion Engineering, the US process engineering and

power services group. ABB bad announced on November 13 an agreed cash bid of \$40 a share, valuing the Connecticut-based company at \$1.6bn.

A meeting of Combustion Engineering stockholders is scheduled for late January or February to approve the merger, which will take ABB's worldwide sales to more than

\$25bn a year. ABB said the US Justice Department had opened the way for early completion of the takeover hy announcing that it would not block the acquisition, although its antitrust division will continue to investigate the effect of the merger on competition in the US market for air polintion

on trol equipment. Mr Lars Thanell, executive vice president, said ABB had agreed to implement any Justhe Anglo-French information technology concern, writes Our Financial Staff. The price is DM25in (\$14.5m), tice Department decision on the pollution control operation, which contributed no more than \$50m of Combus-tion Engineering's \$3.5bn of which DM19m is cash and its. Commerzbank will main-tain a 10 per cent stake in annual turnover. ABB and Combustion Engi-

ADV/Orga. The German bank acquired its stake from the family ownneering complemented each other so well in the US that little reorganisation would be needed, Mr Thunell said. ers e year ago to rescue the company from bankruptcy fol-lowing several years of losses.

Outside the US the emphasis would be mainly on marketing and technical co-ordination. Separately, ABB reported from Milan that it had agreed to any Cillon for the induction to pay \$310m for the industrial operations of France Tosi, an Italian turbine and electrical machinery producer controlled by the Italmohiare group.

BANK of New England will increase its loan loss reserves to more than 51bn at quarterend from \$354m at September 30, and not by \$1hn as reported. on Saturday.

By Stefan Wagstyl in Tokyo THE TOKYO Stock Exchange the move to expand the mem-bership is confirmed at an has bowed to pressure at home and abroad and decided to admit 10 new members, three of which are likely to be forextraordinary general meeting on December 26. It is widely believed that the selection of BZW, James Capel, and Credit Lyonnais is a foregone conclueign companies. The decision announced yes-terday is a victory for a long-

TSE officials said the new members would be announced in March and would be permit-ted to start business in Novemnies - Barclays de Zoete Wedd, the securities arm of

Mr Michael Connors, general mananger of BZW Securities (Japan), said: "Obviously we welcoms this development and

Laing & Cruickshank, owned by Credit Lyonnais, the French bank, has also expressed keen ish companies since they failed to win membership in Decem-The exchange will start pro-cessing applications as soon as

including 16 foreign brokers. Mrs Thatcher has repeatedly raised the issue in meetings with Japanese ministers, most recently during a visit to

Tokyo in September. Britain's insistence on keep-ing the issue high on the diplo-matic agenda irritated many matic agenda irritated many Japanese government and securities industry officials, some of whom argued that applying public pressure did the UK's cause no good. Japanese Ministry of Finance officials eventually accepted the UK's case and pressed the TSE to respond. TSE officials, under pressure to resist from various small and medium-sized Japanese

and medium-sized Japanese securities companies, tried to stall. At one point it was suggested new members might be given second-class member-

Tokyo SE to admit 10 newcomers

hope that our application will be looked at favourably." The UK has pressed hard for the admittance of the two Brit-

ber 1987 - the last time the TSE accepted new members,

INTERNATIONAL COMPANY NEWS IN BRIEF kers, a subsidiary of the Hong Kong conglomerate, said the company would merge Finan-cial Guardian with Its US insprance broker, Jardine In 1968, Swissair net earnings had already gone up by 5.5 per cent to a record SFr76.1m (\$49.13m), psrmitting an increase in dividends for the year from SFr36 to SFr38 per

Orkle Borregaard, the Norwegian industrial conglomer-ate, has acquired a stake of 10 Swissair also announced the formation of Shannon Aeroper cent in Dyno Industrier, bringing its total stake in the company to 15.2 per cent, Reaspace, which is to set up an

stock from Norsk Hydro for NKr112 (\$16.8) per share. It gave no reasons for increasing its stake in the industrial group.

Touche Ross, will merge with Ernst & Young's Italian prac-tice in the new year. Reconta Ernst & Young – as

the new firm is to be known will have fee income of \$43m. Among its audit clients will be Pirelli, Ferruzzi Agricola and Mediobanca.

■ Industrivarden, the Swedish industrial holding company, is offering about SKribn (\$160m) for outstanding shares in Nils Dacke, a Swedish engineering company, Reuter reports.

Industrivarden already has 53.9 per cent of the votes and 54.8 per cent of the equity of Dacke hefore trading was suspended in both companies' shares at their request yestar-

Micron Technology, the US memory chip manufacturer, reported a sharp dip in sales and earnings for its first fiscal

memory (Dram) production to one megabit dram production. Net income for the first quar-

ter of fiscal 1990 was \$400,000, or nil earnings per share, com-pared with \$22.2n, or 88 cents in the same period last year. Revenues fell 40 per cent to \$66.5m from \$110.4m.

Denison Mines, Canada's sacond largest uranium pro-ducer, says plans to sell its Spanish oil and gas properties have fallen through and new talks are starting with another potential buyer, writes Robert The Canadian oil and gas

assets have been sold for C\$44.6m (U\$\$38.45m) and the sale of its Greek, Italian and Egyptian holdings is being Denison is rationalising to

concentrate on its mining business.

This announcement appears as a matter of record only

These have been pinpointed in the restructuring plan, one of the main thrusts of which there will be no annual rights issne. In recent years, this has been at a ratio of one for 18. Group turnover in 1968/89 rose over the past husiness year hy 13 per cent to SFr2.26hn and orders by about lies in the scrapping of approximately 1,000 jobs world-The company now expresses confidence for the future and

The company recorded a "gratifying" increase in sales and earnings in its building 1990.

dend from 10 to 8 per cent at the January 31 shareholders' For the first time since 1976

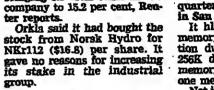
> reckons with "positive developmants on our markets in

Correction

Bank of New England

Notice of a Meeting of the Holders of _____Metropolitan Estate and Property International N.V. (the "Company") U.S.\$35,000,000 8% per cent, Convertible Bonds 1996 guaranteed by MEPC pic (the "Guarantor")

Emett & Chandler. share and from SF7.20 to SF7.50 per dividend-right cer-



Reconta the Italian accounting firm, has become the latest professional services firm to change its allegiance in the wake of the bout of mega-merg-ers in 1989, writes David Wal-

The firm, previously allied to

control division. Despite higher turnover, earnings fell for the energy management and com-munications divisions.

Tabakwerke, to buy the com-pany in several stages. Chemie Linz's parent company is Che-mie Holding. From January 2, 1990 Haf-shund will take over 55 per cent

of the shares and by January 1991 an additional 10 per cent. The remaining 35 per cent will be acquired by January 1993.

Part of the purchase price can be paid in the form of up to 1m Hafslund Nycomed shares at an average price of NKr183 per share.

Barclays Bank, and James Capel, a subsidiary of Hong-

Credit Lyonnais Alexanders

interest in joining the Tokyo

HAFSLUND NYCOMED, the

fast-growing Norwegian medical and sngineering concern, has announced it will buy Che-

mie Linz Pharma, an Anstrian pharmaceutical company, for NKr871m (\$130.78m), writes

Our Financial Staff. Hafslund said it had signed

an agreement with the two cur-

rent owners, state-owned Che-mie Linz Holding and Austria

Kong and Shanghai Bank.

exchange.

Swissair, which on Thursday announced a co-operation agreement with Singapore Airlines, says it expects record earnings for the current year, writes John Wicks.

met," aided hy favourable exchange rates.

of establishing its own Euro-pean sales and distribution net-work," it said.

Mr Otto Löpfe, president, said expectations for 1989 results have been "more than

"Through this acquisition, Hafslund has substantially realised its strategic objective Staff.

aircraft maintenance centre at Shannon Airport in Ireland. Swissair has a 35 per cent stake in the company's IS20m (\$13.1m) capital, with Luf-thansa holding a further 35 per cent and Guinness Peat Avia-tion the remaining 30 per cent. Shannon aerospace is to

tificate.

start operation in the autumn of 1992. ■ Aegon, the Dutch insurer, has agreed to acquire the Home Service division of

Washington National Insurance Company for more than \$100m, writes Our Financial

The book of business and sales organization will be combined with the home service activities of Aegon USA's mon-umental life division.

Jardine Matheson Holdings has agreed to acquire Financial Gnardian Group, the 14th big-

gest US commercial insurance broker, for a price yet to be determined, Agencies report. Mr John Barton, chief executive of Jardine Insurance Bro-

Notice of a Meeting of the Holders of Metropolitan Estate and Property International N.V. (the "Company") A\$12,500,000 B% per cent. Convertible Bonds 1995 guaranteed by

ship with restricted rights. British officials made it clear this would not be enough. The new members will have to wait until November to allow for the installation of allow for the installation of new computer trading systems, which will create space for more brokers on the trading

floor. The exchange argued all along that the main reason for .

1

along that the main reason for denying new members access was a lack of space. Several medium-sized Japa-nese banks, which have been waiting for licences to do busi-ness in London, will welcome the TSE's decision. It is widely believed in Tokyo, although never admit-ted by British officials, that the UK has deliberately held back these licences until the TSE membership issue was settled.

day.

and earnings for its inst lists quarter, writes Louise Kehoe in San Francisco. It blamed falling prices of memory chips and its transi-tion during the quarter from 256K dynamic random access

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Gibbens in Montreal.



Trans Tunisian Pipeline Company Limited

US \$60.000.000 **Dual Currency Loan Facility**

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Amsterdam-Rotterdam Bank N.V.

Conversion Bank

Bankers Trust International Limited

Lead Managed by

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November, 1989

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Euro-clear: Custody Operations Departm telex 81025)	ant (Jelephone Brussels (322) 519 1211,
telex 2791)	nt (telephone Lucentorung (352) 449 821, we & Co., a member firm of The Securities Exchange.

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AN GUARANTY TRUST PANY OF NEW YORK S Averue Des Arts B-1040 Beservic	CAISSE D'EPARGNE DE L'ETAT 1 Place De Metz Lansenbourg 622546.	

INTERNATIONAL COMPANIES

FT GUIDE TO WORLD CURRENCIES

17

The table below gives the latest available rates of exchange (roonded) against four key currencies on Monday, December 18, 1989. In some cases the rate is nominal, Market rates are the av rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are lief Lion Nathan shortens the odds of Bond brewing deal

By Bruce Jacques in Sydney

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THE ODDS on an early disposal of brewing interests by Bond Corporation, the troubled Australian conglomerate, shortened yesterday following positive statements from Lion Nathan, the New Zealand brewer trying to purchase the

Assets. Mr Doug Myers, Lion chief executive, addressing the annual meeting in Wellington, said he still regarded his com-pany as the "front runner" for the purchase of Bond's Austra-"We are still the only suitor to have passed all the hurdles,"

Mr Myers he said.

"The only one remaining is Bond himself. I am even more confident than three months

Mr Myers said he had been told by Australia's Federal Treasurer, Mr Paul Keating, that the Bond brewery assets

would not be allowed to be sold outside Australasia providing there was a credible offer. Mr Myers' statements came as a distinct morale booster to the Bond camp. In recent weeks speculation that the main banks to the Bond brew-

ing companies were ready to foreclose if a sale was not quickly completed has worked itself up to fever pitch. The deal for the reconstruc-

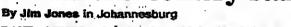
tion of the board at Bell Resources, the Bond Corpora-tion offshoot, was delayed once

ago that ultimately we will more. But the National Comp nies and Securities Comm sion, the Australian securiti regulator, told the West Au tralian Supreme Court the agreement was imminent. The commission indicate that the deal - expected give virtually equal represent tion to Bond Corporation, th Adelaide Steamship group an a team of independent shar holdors or would be finelized

holders - would be finalise by today. Last week, the commission intervened in a proposed deal in which Bond and Adelaid Steamship would have hel equal representation on th

Bell board with Mr Geoff Hil the merchant banker, as a "independent" chairman.

COUNTRY		£ STG	US \$	D-MARK	VEN OX 1000	COUNTRY		s STG	US S	D-MARK	YEN CX 1000	COUNTRY		£ STG	US S	D-MARK	YEN CK 1009
Alghanistan Albania Algeria	(Afghani) (Lek) (Olpar)	99.25 10.0955 12.8514	61.9151 0.2978 8.0170	35.8626 3.6478 4.6436	42.9653 4.3703 3.5633	Gabon Gambia Germany East	(Detesi) (Detesi) (Osunariu)	12.2559	294,8409 7,8518 1.7254 1.7254	170.7785 4.4321 1	204.6017 5.3099 1.1980	Pagua New Guin	(Salbea) ea (Kina)	34 10 1.6030 1.3867	21.2726 1 0.9650	12,3215 0.5792 0.5010	14 7619 0 6939 0 6003
Andorra	GrEd	9.4525 178.30	5,9967	3.4155	4.0919 77.1861	Ghana West	(Cesti) (Cesti) (Gib D	2,7675	298,9682	173.1345	11980 207.4242	Parageay Peru Philippines	lint0	1932 43 19421 90 34,80	1205 5084 8377 9881	698 2583 4849 8283 12,3745	836 5497 5810 3463 15 0649
Angola Astigua	(AsstraD		30,2308 2,6975	17.5103 1.5624 578.8726	20.9783	Greece Greece	(Drachma)	255.35	0.6238 159.2950 6.7961	0.3613 92.2573 3.8843 1.5624	0.4329 110 5411 4 6336		Sterling)	1.00	21.7092 0.6238 1.6834	0.3613	0.4329
Artice	(Fierla)	1602.03 2.8867s 2.0475	999.3948 1.7900 1.2772	578.8726 1.0430 0.7398	493.5194 1.24%	Greening (Da Greening Greening	(Local Fr)	4.3241 9.4525 1.6030	6.7061 2.6975 5.8967	3 4155	1.6719	Poland Portugal		9583.00	5978 1659 151.4036	3462 6919	4148.4848
	Schiller)	19.43 242.70	12 1218 151,4036	7.0207 87.6964	1.2496 0.9863 8.4112 105.0649	Guatemata Guiera	(US S) (Quettal)	1.6030 4.5681 480 45c	1 2.8497 299.7192	0 5792	0.6939 1 9775 207 9970	Puerto Rico	(US \$)	1 6030	1	87 6964 0.5792	105 0649 0 6939
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Babrain Balearic is C Basgladesh	In Day at al	0.6048	0.3772 111.2289 31.5034	64.4263 18.2475 1.1639	0.218 77.1861 21.8614 1.3944	Halti Honduras	(Goude)	0.0075	5	2.8934		Reunion IS. de la Romania Romania	(Leu) (Fr)	9.4525 14.14i 124.67	5.8967 B.8209 77.7729	3 1093 45.0478	6 1212
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	(US SI	3.0550 12.9665 1.6030	8.0658	1.1038 4.6852 0.5792	5.6132	israel Italy	(Lint)	3.13 2065.50	1,9525	11309	1.3549	Seychelies Sierra Legne	(Ruper)	0 83	5 5084	3.1906	3 8225
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Cent_Air. Rep	(CI 51		76.5533 0.8300 294.8409 294.8409 277.2925	0.4902 170.7785 170.7786	0.5754 204.6017 204.6017 192.4242	Lebanco ((New Kip)	933.67 794.97	582.4516 495.9263	337.3694 287.2520	404.1861 344.1428	Sudan Rep Surinam Swaziland (L	(Guilder)	18 3372 2.8614 4.0890	1.7850	6 6259 1 0339 1 4771	1 2397
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Côte d'Ivoire	(CFA Fr)	47243 114451 47263	81.9757 294.8409	170.7786		Macao Madeira (P	(Pataca) ort Escudo)	12.9255	8.0570	4.6668	5 5911 105.0649 945.9740	Tanzania (Thailand	(CFA Fr)	302.55	188.7398 25 7018 294 8409	109 3224 14 8870 170 7786	130 97+0 17 8354 204 6017
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Deamark (Daois Ojihouti Rep Domisica (E Domisican Rep	(8)% Fri	283.00	176,5439	3,8843 107,2583 1,5624 1,9267	4.6536 122 5108 1.8719 4.7044	Mauritania Mauritius (M Mexico (Me	ater Rupeel	139.63 23.70 4280.00a	87 1054 14.7847 2669.9937	50.4534 8.5636 1546.5221	60.4458 10 2597 1852 8138	UAE United Kingdom		593 18 5.8910 1.00	370 0436 3 0725 0 6238	214 3378 2 1286 8 3613	256 7878 2 5502 0 4129
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France	IFri (CFA Fri	1.5573 9.4525 472.63	6.7061 1.5049 4.0906 3.8967 294.8409 5.8967 164.8034	2.3643 3.4155 170.7756	4.0919	N'nd Antilies	(A/Galider)	2.8827	1.9479 1.6000 1.6834 21299 438	1 0416	1 1681	Yemen POR	(Rial)	15 6146 0 5493a 173110 00	9 7408	3 6421	6 7595 0 2377
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						Norway C	Nor. Krone)	10.6925		4.3690	4.6287	Zaire Rep Zambia	(Zaire) ((wachz)	704.49	439 4822	254 5582 10 9946	304 9740
						Ortan (tial General)	0.01/2	0.3852	0.2231	0.2673	Zimbabwe		3.6350	18 9644 2 2676	13134	1.5735



RAND MINES, the South with Tavistock Colliery, wholly African mining group, has blocked Anglo American Coal's B546m (US\$138.94m) bid for British Petroleum's share stake in the Middelburg colliery, ironically with the help of a close associate of the Anglo

close associate of the Anglo American group. Amcoal has offered to buy BP's 88.5 per cent stake in Mid-delburg in spite of the fact that Douglas: Colliery, wholly-owned by Band Mines' Wit-bank Colliery subsidiary, had s, pre-emptive right to match any offer and acquire the BP inter-est. Douglas, which manages Middelburg, owns 11.5 per cent Middelburg, owns 11.5 per cent of the colhery. Withank has struck a deal

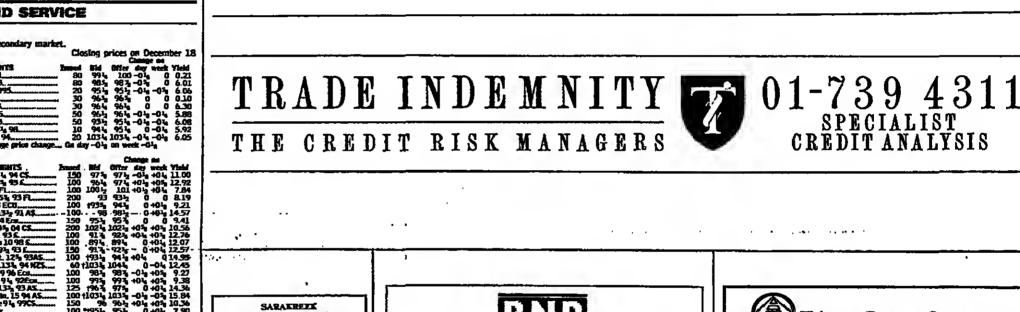
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FT INTERNATIONAL BOND SERVICE

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owned by Anglo's close associ-ate Johannesburg Consolidated invCompany (JCI), in which Tavistock will buy 40 per cent of Middelburg and contribute coal reserves which double Middelburg's expected life to about 30 years. Middelburg produces about 5.5m tonnes of export steam coal each year though it has the capacity to produce some on tonnes.

The acquisition will lift Witbank's annual export allocation to 9.3m tonnes against Amcoal's 9.6m tonnes and the 9.4m tonnes of Trans-Natal, the coal mining arm of the Gencor the same period last year.

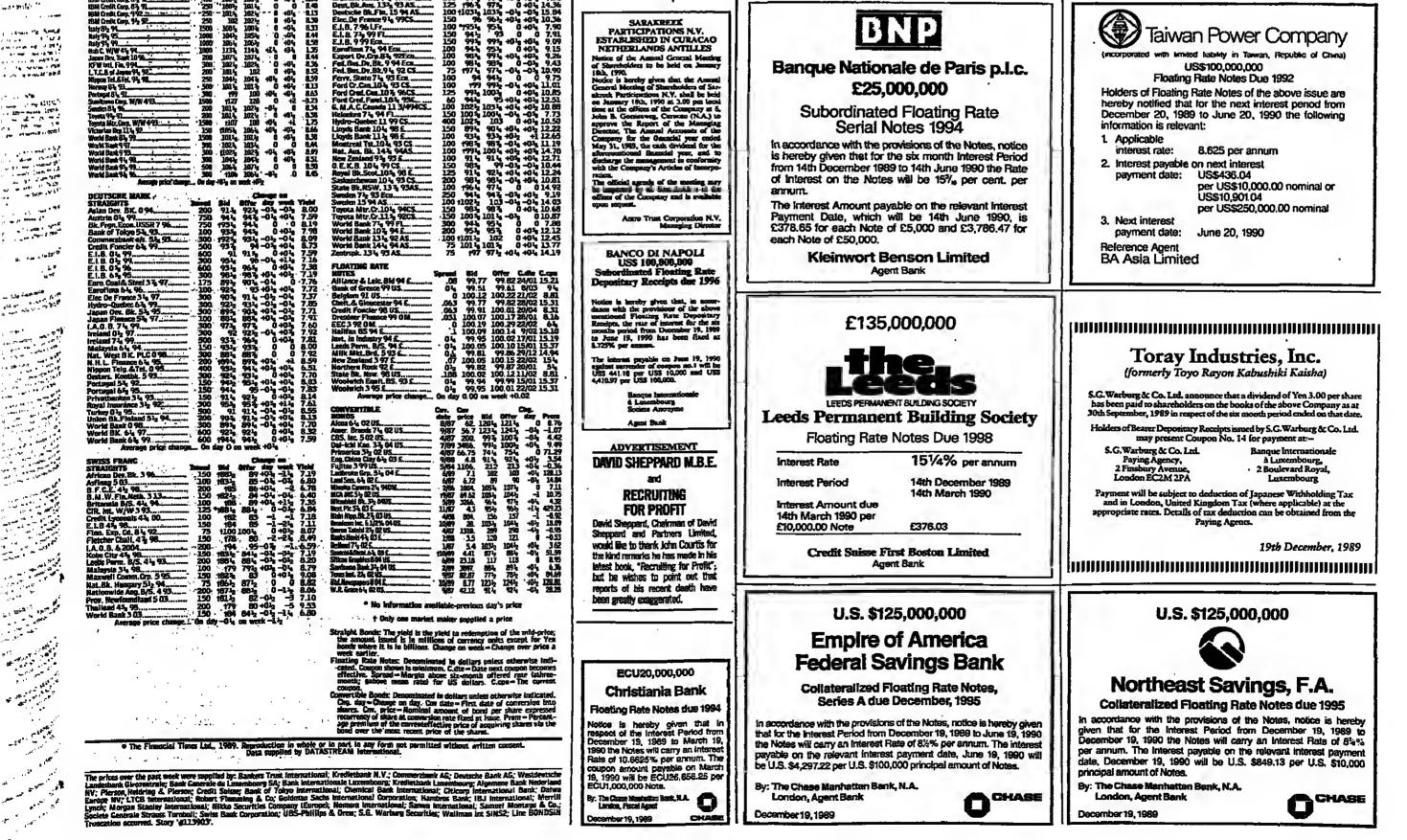


Rand Mines halts Amcoal Weak textile markets hinder bid for BP colliery stake Winsor midway

By John Elliott

in Hong Kong WEAK TEXTILE markets hel in check the post tax profits Winsor Industrial, one of Hon Kong's industry leaders, t HK\$165.39m (US\$21.2m) durin the six months ended Septer ber 1989.

This was only 1.8 per cer above the same period las year when there had been a 3 per cent drop in profits from the first half of 1987. Turnow fell in the six months to Se tember this year by 4.4 pe cent to HK\$1.3bn. Market con ditions cut operating profits textiles by 5.8 per cent to HK\$149.4m from HK\$158.7m in



INTERNATIONAL CAPITAL MARKETS

French rate hike surprises dealers

By Rachel Johnson in London and Janet Bush in New York

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EUROPEAN hond markets US Treasury bonds started quietly yesterday, trading in e narrow range while monetary were rudely aroused from their seasonal torpor yesterday by the Bank of France's surprise move to lift its intervention policy remains a key, unre-solved issue. Later in the ses-sion, bonds profited from a sharp sell-off on the oquity market and prices closed modrate half a point to 10 per cent, and the emergency funds rate by the same amount to 10.75 per cent

The move, designed to shore

GOVERNMENT BONDS

up the franc in relation to the D-Mark, put downwards pressure on bond prices as short-term bond yields rose.

The March hund contract in Liffe fell 36 basis points to the day's low of 91.61. After a slight recovery, the bund traded np during the afternoon to close at 91.78, down 0.16 from Friday's close.

The French rate increase - which the markets had ssumed would not happen before the new year - also had an impact on the listless UK gilts market. Bond prices fell seven or eight ticks at the longer end from overnight rates. At the shorter end, bond prices were fairly well protected by the high interest rates prevailing in the UK.

The market traded within a narrow range to close unchanged at the shorter end, and % point down at the longer end. The benchmark Treasury 9 per cent due in 2008 opened at 944 yesterday morn-ing and closed at 93%.

BENCHMARK GOVERNMENT BONDS

	Coopon	Red Dete	Price	Change	Tield	Week	Honth
UK GILTS	13.500 9.750 9.000	9/92 1/98 10/08	103-22 94-30 93-26	+9/32 -5/32 -5/32	11.87 10.71 9,72	11.92 10.84 9.80	11.81 10.78 9.87
US TREASURY .	7.785	11/99 8/19	100-21 103-08	+6/32 +5/32	7.78 7.84	7.87	7.88 7.90
JAPAN No 111 No 2	4.800 5.700	6/99 3/07	95.0654 102.0420	-9.743	5.58 5.47	5.43 5.47	6.35 5.52
GERMANY	7,000	9/99	98.7000	-0.150	7.18	7.28	7.42
FRANCE BTAN	8.000 8,125	10/94 5/99	93.4783 93.6300	-0.801	9.74	9.55	9.65
CANADA .	9.250	12/99	98.3000	+0.100	9.52	9.58	9.39
NETHERLANDS	7.250	7/99	96.6000	-0.240	7.76	7.78	7.81
AUSTRALIA	12.000	7/99	84.2175	-0.129	13.07	13.06	13.28

i, UK In 3 Technical DetaiATLAS Price Sources

Third World debt traders: the unsolved mystery

Stephen Fidler on the reasons for the resilience of the secondary market in problem debtor bank loans

year vary between \$60bn and \$80hn, compared with last year's estimates which centre around \$50bn. Some of that here is a mystery at the centre of the market for commercial bank loans to developing countries where banks exchange debt often at a higher activity is illusory, since although the face value of traded debt has increased large discount to face value. Banks have been persistent sellors of loans to prohlem debtors over the year hut there prices have fallen. Some of the increase is also due to an increased churning of dealers' have been precious few identi-fied sources of buying. The portfolios portfolios. Competition has pushed trading spreads - the gap between bid and offered prices nen sources of buying. The ultimate demand, represented mainly by conversions of for-eign debt by debtor countries, has slackened off this year. The World Bank expects the total of debt conversions in 1990 to fell to argund filter

unprecedented volatility over

the past year. Relatively small sums - the average deal size probably has a face value of \$5m or less - can still move

55m or less - can shil move prices unduly and big price swings have shaken out some previously prominent market makers. For example, the price

of Brazilian loans rose 4 cents yesterday to 23 cents following apparent presidential election success of Mr farnando Collor de Mello.

Four banks are generally

acknowledged to be market leadera: NMB Bank of the

Netherlands, Libra, the Lon-

don-based consortium bank,

Citibank and JP Morgan. Estimates for turnover this

Φ

- to a quarter point or less. To make money therefore, traders are increasingly forced to take 1989 to fall to around \$14bn a view of the market and posifrom \$22.4bn last year. Dealers say their inventories tion themselves to profit from the expected price movements. Some traders' lower profiles have not been growing, in fact, somo which formerly held are undoubtedly a result of money lost in this way. loans in order to make a mar-ket are no longer doing so. So

Other dealers have been tompted away from the increasingly risky trading busi-ness, having decided that cor-porate finance business in where are have all those loans been going? Prices are ending the year close to record lows, despite a mid-year rally. Argentina, for developing countries is safer example, has slumped to about and more profitable.

> Yompanies in Latin America restructuring their own finances or taking over privatised enter-prises have provided one of the few sources of underlying demand in the market over the last year. Restructuring companies can win advantageous terms by converting foreign currency government deht, purchased on the market at a discount, into local currency.

Efforts have been made to develop demand for the loans from investors but they have met little apparent anccess, according to Mr Stephen Dizard, a managing director at Salomon Brothers. (By contrast, a healthy markot is appearing in the bearer bonds issued by Latin American governments, which they have continued to service. Merrill Lynch this month launched a



high-yield fund devoted to investment in such bonds.) The other obvious source of such demand - official debt to equity swap programmes and debt huy-backs - has been running more slowly. Debt-equity swaps are falling prey to two concerns: the

worry that the creation of local currency involved is inflationary and the nationalistic antip-athy toward what is in effect a subsidy for foreign takeovers of local enterprises. Venozuela in November

opened a new debt-county swap programme, while Chile has continued with its long-standing debt-equity conversion policy, although that is likely to be modified given a new government. The big programmes in Brazil and Mexico have been suspended (the latter's to be revived under its debt agreement with banks at a modest

Sibn a year). Chile and the Philippines are both concluding official buy-backs of debt. Both will be financed at least in part by offi-

cial resources from the International Monetary Fund and World Bank, as part of the Brady Plan, the new debt initiative named after the US Treasury Secretary Mr Nicholas Brady, who launched it in March.

sensitive to news than it used to be. Indications of countries' willingness, rather than abil-ity, to pay interest can have a significant impact on prices. In a sense, the Brady initiative was born out of the sec-ondary market in bank loans. The fact that banks were willing to exchange loans at big discounts to face value offered But the market is most sensi-tive of all to news of bank reserving, which almost inevia way out of the seven-year-old debt crisis. The Brady initiative suggested that since, almost by definition, problem debtor countries were strapped for cash, western official finance should help countries agreeing to economic reform to capture some of the discounts

T his arises because of the way many banks look at their loan portfolios after provisioning. If they sell their loans at a smaller dis-count than implied by their for their own benefit. The initiative will undoubt-edly add another dimension to provisions, bankers perceive the market. The debt relief deal for Mexico covering \$45bn the difference as a profit. Because there are so few underlying buyers, prices are pitched low enough to prevent the unleashing of large vales by well-provisioned banks at a of its medium and long-term bank debt loans involves the creation of two new instruments: fixed and floating rate

bonds partly collateralised by official resources for which banks will exchange their existing loans. Mr Rick Haller of Libra Bank says his bank is already looking at a range of techniques to enable "the exchange of Brady bonds into a range of post-Brady deriva-<u></u>ttves The initial market reaction

to the Brady initiative led.

banks to hold on to their loans,

enabling prices to rally. Later

as the view grew among bank-ers that the plan was under-funded, prices started to erode. Some bankers claimed that the

plan was an invitation to

debtor countries to fall into

number of New York banks, have been sellers.

The market is certainly more

tably generally leads to a

declines in prices.

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"profit." Thus, prices are gen-erally below the lavel of provi-sions of selling banks. This sets up a spiral: in the absence of other reliable information, hanks look to the secondary market to set their provisions. Declining prices in the second-ary market, it is argued, also discourage debtor countries from paying interest since they recognise the huge discounts represent a barrier to their fur-ther horrowing from banks. In this environment, says Mr. Michael Milbourn of Standard Chartered Merchant Bank: "The economic fundamentals are very much hidden from view."

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view."

Meanwhile, the debt management of some countries becomes increasingly chaotic. That of Brazil, the largest debtor, is described by one trader as "nearly anarchic."

trader as "nearly anarchic." Anarchic or not, debtor countries are increasingly shrewd about their use of the secondary market. While a few go through official channels to obtain the necessary waives. from banks for buy-backs, other countries - according to traders - are using reserves buy back their loans on the quiet.

A year or two ago; this would have triggered outrage among international banks. Today, it goes on, barely below the surface, with most banks turning a blind eye to the fact turning a bind eye to the last that it is in contravention of their original loan agreements. This change is largely because many banks' view of their own self interest has changed. Instead of attampting to shore up the value of their portfolios, most banks are now concept. most banks are now concept trating on reducing the size of them. Without this buying the answer to the mystery -they would stand even less chance of reducing their loan portfolios.

Tokyo to tax

Credito Italiano launches Y10bn, three-year issue

ACTIVITY on the Eurobond INTERNATIONAL market was singgish yesterday. Professional market-making BONDS was closed for the Christmas holiday, meaning that second-ary trading was minimal, writes Andrew Freeman.

Meanwhile, new Issues retreated, with just three small deals emerging. Nomura International Payment date is on December

22, and the issue price of the Luxembourg-listed bonds is 101% per cent. Full underwriting fees are 1% per cent, with a % point selling concession.

DKB International was the brought a Y10bn issue for Crelead manager of a \$30m issue dito Italiano. The bonds mature on March 23 1993, and carry a coupon of 6% per cent. for C. Itoh Finance (Europe) which came with an 8% per cent coupon priced at 101% per

cent. Underwriting fees are 1% per cent, with a 1% point selling concession. The bonds mature on December 29 1993. LTCB International brought

a Y4.5bn Nikkei-linked issue for Union Bank of Finland. The bonds mature on April 22 1991 and are priced at 101. For three months the coupon is % point over Libor, after which it for

Euroyen futures will be fixed at 12 per cent. The IN A BID to standardise taxes payment date is January 22 on its derivative products, the

Japanese Ministry of Finance is to impose a tax on Euroyen futures traded at the Tokyo International Financial Futures Exchange, writes Defouch Hargrowyes. · Euro-clear, the Brusselsbased clearing and settlement system, has doubled its payout of rebate fees to its partici-pants. This year's rebate, rep-The tax, to take effect next resenting a portion of fees paid ning and communi-

October, will cover 0.001 per cent of the value of a contract. cations, amounts to \$8m.

	LONDON MARKET STATISTICS	
FT-ACTUARIES SHARE INDICES	RISES AND FALLS YESTERDAY	LONDON TRADED OPTIONS
FI-ACTUARTIES SHARE INDICES These indices are the joint completion of the Frauckin Tarner, the institute of Actuaries and the Faculty of Actuaries EQUITY GROUPS A SUB-SECTIONS The institute of Actuaries and the Faculty of Actuaries The construction of Actuaries and the Faculty of Actuaries The Actuaries for the Actuaries and the Faculty of Actuaries The Actuaries for the Actuaries and the Faculty of Actuaries Actuaries for the Actuaries and the Faculty of Actuaries The Actuaries for the Actuaries and the Faculty of Actuaries Actuaries for the Actuaries and the Faculty of Actuaries The Actuaries for the Actuaries and the Faculty of Actuaries Actuaries for the Actuaries and the Faculty of Actuaries Actuaries for the Actuaries and the Faculty of Actuaries Actuaries for the Actuaries and the Faculty of Actuaries Acturis for the Actuaries and the Faculty of Act	Rest includer Rest includer Rest includer Britist Funds Galage	THADING in the newly privatized UK water companies dominated Options Market yesterday, a man- tation in the London Traded Options Market yesterday, a man- statis at its otherwise at inter- statis at its otherwise at inter- statis in the London Traded Options Market yesterday, a man- tion is consolid a water prisage is built of solowing by a French weter a statis in three UK water tirma. traded by James Capel when consolid trading Jim egy that is dependent on got built use (5-25 to) Index options the most actively traded list on the most active prion with 1/28 c. Consolid a state a high options where 40,359 lots the March 1/500 call which most of Bittin 50.82 calls. Volume on the FT-SE too the activity was not so high at 810 too shifting its holdings. the most active prion with 1/28 c. Thanket was the second the march active prion with 1/28 c. Thanket was the second the mark to prion price and britts was at 355,851 on price was the activity was not so high at 800 too shifting its holdings. Thanket was the second the mark is week a social with the was at 355,851 on price was the most active prion package was the was at 355,851 on price was the was
FIXED INTEREST AVERAGE GR035 REDEMPTION VIELDS Non Dec 18 Fri 15 Year 290 (approx.) RICE NOVCES Mon Dec 18 Day's change 18 Fri basis Xel adj. today 1989 Xel adj. 1989 Settish Government Low 10.29 10.31 18.27 NOVCES Dec 18 Settish Government 10 to 5 years 9.47 9.56 9.55 In tish Government 10 to 5 years	RIGHTS OFFERS Image Ausonal Latest 1997 Suck Price P	LC1. 1050 39 114 125 7 27 35 550 55 72 90 13 25 30 7 23 30 3 13 21 C1211 1100 300 77 213 14 45 7 27 35 72 35 600 23 66 35 66 35 65 57 72 300 7 23 30 3 13 110 16 29 20 13 14 49 29 29 20 15 26 29 </td

estly higher. estiy nigher. In late trading, short-dated maturities were quoted up to % point higher while the Trea-sury's benchmark long bond was ¼ point higher for a yield of 7.83 per cent. During the morning session

prices were virtually unchanged from Friday's close in advance of the meeting today and tomorrow of the Federal Open Market Commit-

Interest rate policy has not changed since early November when the Fed pushed its Fed funds target down to 8% per cent from around 8% per cent. Fed funds yesterday opened at 8% per cent and then edged higher to 8% per cent. The Fed Poland, faithfully paying inter-est in full until the final quar-ter of this year, has halved in did not operate in the money price to about 19 cents. The market has also seen

market yesterday. Tho modest price gains in the bond market yesterday afternoon appeared to stem from a flight to quality from the equity market which saw heavy selling of financial issues due to concerns about exposure to bad real estate loans.

There is a great deal of eco-nomic data this week but none

are forecast to show any dra-

matic strength or weakness.

November consumer prices are due today along with Novem-ber housing starts.

UK COMPANY NEWS

stor bank log Acatos hit by interest rates and firm pound

By Jane Fuller

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THE STRENGTH of the pound and high interest rates sent pre-tax profit of Acatos & Hutheson, which makes edi-bla oil and fat, sliding from \$11.78m to \$4.5m in the 12 months to October 1. months to October 1.

and a stand to be shown

The 62 per cent fall came on turnover up 8 per cent to 2260.68m Losses were made on the UK retail operation and activities in Spain, which dragged down profits on the industrial side.

industrial side. Mr Jim Weir, finance direc-tor, said sterling's strength piled on the pressure from imports, particulary margarine and vegetable oil from West Germany, the Netherlands and Belgium.

Soma of the damage was inflicted by an interest bill of £2.91m, compared with last year's £1.83m. Mr Weir said the borrowings, which haid taken gearing to 80 per cent, were mainly related to working capi-tal tied up in supplies of such commodity oils as soya bean, pain and rape seed. An effort had been made to out conta for account of the second

cut costs, for example hy reducing staff at the London and Liverpool sites.

This followed last year's transfer of some work from various sites to London. Mr Weir admitted that a number.

of shortcomings had arisen Earnings per share plummeted to 8.80 from 24.70. The final dividend is 3.5p,

As the disappointing results were expected, the shares slipped just 3p to 152p yesterday.

COMMENT

While interest rates remain While interest rates remain against the company, tha pound's slip bas already started to help it compete against imported products. It has refocused its efforts on three areas: bottled oil, yellow and white fat and, having admitted past mistakes, it should be able to improve per-formance. As it has already shown some recovery from an

shown some recovery from an interim profit dive to little more than £1m, profit forecasts for the current year range from £7m to £9m (compared with 1988's £11.8m), giving a pro-spective multiple of between 9 and 11.5. After falling a long way since the heady days of 500p-plus shares before the

1987 market crash, there is a feeling that the company's for-tunes have bottomed out. But in a tough market, it will take hard evidence that the changes are working before disillusionment wears off.

three months to October 31,

the first quarter of its financial

From net profits of \$1.28m, it

has fallen to losses of \$376,000 (£234,000). This was in spite of

a substantial surge in revenues

The company said that

expenses in the first quarter had included a provision of \$1.6m of interest on the com-pany's 13.5 per cent subordi-nated debenture.

The annual interest payment

from \$2.87m to \$18.31m.

Brasway marks | Hallwood Gp plunges into red time at £1.64m in first half in first quarter Hallwood Group, tha international financial services

Interim taxable profits at Brasway, the West Midlands-hased tube and bright bar maker and industrial oil concern based in New York, has plunged into the red in the blender, were unchanged at £1.64m.

Turnover in the six months to end-October was higher at £22.71m (£19,12m) for trading profit of £1.99m (£1.85m). The interest charge rose to

£352,000 (£210,000). After tax of £573,000 comnared with £572.000.earnings per share were unchanged at

The interim dividend is raised from an adjusted 0.225p to 0.24p. The total payment for last year was 0.765p, adjusting for the scrip issue

of \$1.6m was made in August for the three-month period. DIVIDENDS ANNOUNCED

Current Date of ponding for last payment payment dividend year year By Clare Pearson 9 3.75 4.1 2.65

agrees to £6.8m bid By John Ridding

CARRON Phoenix, the Falkirk-based sink manufac-turer, which in a previous life cast the cannon for Lord Nel-son at Trafalgar, has finally succumbed to a French boarding perty and is agreeing to a 55 m takanger by Groups to a £6.8m takeover by Groupe Bene, a private company. Like Carron, Bene is princi-

Carron

Phoenix

Like Carron, Hene is princi-pally involved in the manufac-ture and sale of domestic sinks. It argues that the com-plementarity of the two com-panies' product ranges and production techniques will cre-ate a force which is well placed to compete in the Euro-pean market. pean market. In spite of its position as one

In spite of its position as one of the UK's largest sink manu-facturers, Carron Phoenix has had an unsettled history since it staged a management buy-out from the long-established Carron Company in 1982. After coming to the USM at the beginning of last year, when it was valued at £13m, its charge have such from 1610

its shares have sunk from 161p

its shares have sunk from 161p to 38p before yesterday's 60p cash per share offer spurred them to 58p. The principal reason behind the decline has been the impact of high UK interest rates on consumer spending and the downturn in the domestic howhurn in the

and the downturn in the domestic honsing market. The effects are evident in figures released yesterday which showed a sharp fall in pre-tax profits from £1.51m to £227,000 for the year to end-September. Earnings per share fell 9.4p to 1.2p and the final dividend is being passed, leav-ing a total of 1.33p (4p). According to Mr Roy Mitch-ell, chairman, the company's share of the sink market was maintained in spita of

maintained in spita of depressed sales and lower margins. There was also a sharp increase in administrative costs resulting from the acqui-sition of John Kelly, a manufacturer of catering equipment.

based conglomerate, yesterday said that to date the struggle had cost it £30m. Bene has received undertak-This suggests that the costs are only just covered by the small 1.25 per cent share stake Bene has received indertar-ings to accept the offer in respect of 38.7 per cent of Car-ron's shares, including agree-ment from 31 which holds a 21.4 per cent stake. It is being advised hy Charterbouse Bank. Carron Phoenix is advised by Hambros. which it acquired in BAT before launching its bid last summer. On yesterday's price of 825p Hoylake's paper profit is about £34m. closed in Paris by Madame Gil-berte Beaux, a long-time busi-

Johnson Matthey tax appeal likely

Johnson Matthey, the precious

Successful player sells on his instruments

Peter Marsh on Bernard Eastwell's career, soon to be over after Fisons' bid for VG

CHAPTER in the his-A tory of UK entrepre-neurship was closed yesterday with the news of a £270.2m recommended bid by Fisons for VG Instruments, a leading scientific instruments company started 27 years ago by Mr Bernard Eastwell in a

Sussex garage. Mr Eastwell, VG's chairman, was yesterday feeling relaxed about the imminent takeover, which has won acceptance from BAT Industries, VG's majority owner. "I have had a good run for my money," he

Mr Eastwell, 62, started VG after he got fed up with his job designing vacuum equipment at Mullard, a UK division of the Philips electronics empire. Showing astuta vision and with a personality that man-ages to be both abrasive and kind-hearted at the same time,

Mr Eastwell built up the Crawley-based company into a world player in scientific instruments. Last year it had sales of £133.6m.

Fisons, the pharmaceutical, instruments and horticulture group, has been stalking VG for some years. When BAT, the tobacco-

based conglomerate which has owned 69 per cent of VG since 1983, indicated a few months ago it wanted to dispose of its subsidiary, Fisons saw its

Mr John Kerridge, Fisons' chairman and chief executive, said yesterday it was buying a very good company - "and one that we think we can genu-

By Nikki Talt in Paris

HOYLAKE, the consortium which under the guidance of Sir James Goldsmith has been waging a bid hattle against BAT Industries, the tobacco-

The figure for costs was dis-

ness associate of Sir James. Hoylake's bid for BAT has lapsed while the consortium

pursues certain essential regu-latory clearances from nine

state insurance commissioners

BAT bid struggle costs

Hoylake £30m to date

inely add to". Mr Kerridge said VG would be integrated into Fisons' existing scientific instruments operations, giving total instru-ments sales of some £250m a year. That is not including a further £320m or so a year of revenues which come from the distribution of other compa-nies' instruments, mainly in the US. The acquisition has thus

The acquisition has thus taken one step further Mr Ker-ridge's vision of transforming his company – which at the beginning of the 1960s was a far-from-healthy agricultural products group – into a new business built up around the growth areas of drugs and ana-lytical equipment. At the same time, the VG purchase seems likely to hit

purchase seems likely to lift Fisons' total annual turnover ahove £1hn, some £400m of which for the current year is coming from pharmaceuticals. The Suffolk-based group also has a small borticulture divi has a small horticulture division with annual sales just under £100m.

For Mr Eastwell, a former pbysicist, the sale to Fisons ends a mercurial career in which ha has presided over VG's rapid growth into a range of new fialds tied in with instruments. This is a \$6bn-a-year interna-

tional business, split up into dozens of different product areas.

ranging from enlarging BAT via the acquisition of further

tobacco or financial services

assets, seeking a separate list-ing of BAT's US assets, or

retaliatory action against Hoy-lake and its allies. BAT has since claimed that it does not

intend to act on any of the

Navertheless, the Illinois hearing order allows Hoylake and Axa Midi Assurances, the

French-based insurance company which will buy Farmers if a Hoylake bid for BAT is suc-

cessful, to take depositions from Mr David Anderson of

Lazard Brothers, and any three other people to whom the memo was circulated.-

Axa said yesterday that it thought the depositions would

be sought from Mr Pat Sheehy, BAT chairman, Mr Michael

Some of these are highly abstruse scientifically, but all are concerned with measuring to ever greater accuracies fac-tors such as the concentration

Bernard Eastwell - 'T've had a good run for my money

of chemicals in a mixture or the details of microscopic fis-sures on the surface of a micro-

chip or turbine blade. The scientific instruments industry - the three biggest players are Perkin Elmer and Hewlett Packard of the US and Shimadzu of Japan - is grow-ing at about 10 per cent a year with its biggest customers from businesses such as chemicals, pharmaceuticals, oil-prospecting and aerospace engineering.

Since its inception, VG has split, amoeba-like, into some 30 different divisions specialising either in specific types of instruments such as microscopes and mass spectrometers or in other related areas such as dats communication equipment and computer systems

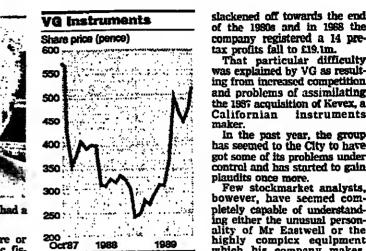
for laboratories. The driving force in these moves has been Mr Eastwell,

Adia extends

offer for

By John Ridding

Hestair



who, by a mixture of shrewd leadership and undisguiscd bludgeoning, has inspired sometimes beroic performances from his employees.

A significant number, too, were either sacked or found the going too rough - and, at the last count two years ago, about 20 of these had been sufficiently entbused by lbeir time at VG to form their own UK companies in instruments or related fields.

"Bernard bas been one of Britain's outstanding entrepre-neurs," Mr Gordon Wilkinson, a UK consultant in scientific instruments, enthused yester-

Particularity in 1975-85 period, VG became known for meteoric profits growth, although the upward swing

Doctus shares up as profits advance 83%

(8.62p)

yesterday at 107p.

Figures for the previous year

were restated because of the

merger accounting of the Pro-

ADIA, the Swiss personnel services group, is extending its offer for Hestair after receiv-ing just 0.3 per cent accep-tances by last weekend's first closing date. Adia, which last week saw

its £167m offer for its UK counterpart topped by an agreed bid by BET, the indus-Interest payments, however, rose from £400,000 to £2.8m. trial services group, now holds

trial services group, now noids 6.9 per cent of its target. It is offering 282p per share and said it will consider its position in the light of BET's 825p per share bid. Mr David Hargreaves, Hes-tair's chairman, described the level of acceptances as "piti-ful" and said that in the light of DET's offer it was unclear of BET's offer it was unclean why Adia had extended its offer until January 5.

However, the market is

of the 1980s and in 1988 the company registered a 14 pretax profits fall to £19.1m. That particular difficulty was explained by VG as result

ing from increased competition and problems of assimilating the 1987 acquisition of Kevex, a Californian instruments

In the past year, the group has seemed to the City to have got some of its problems under control and has started to gain plaudits once more. Few stockmarket analysts,

bowever, have seemed completely capable of understand-ing either the unusual personing either the unusual person-ality of Mr Eastwell or the highly complex equipment which his company makes. Much the same has been true of BAT – which since it acquired its majority stake has left the business very much in the hands of Mr Eastwell and big senior collagames his senior colleagues.

Yesterday - amid promises from Fisons that it would attempt to leave untouched the highly decentralised, free-wheeling style of the separate VG divisions although it would exert tight overall management controi to the company as a whole - Mr Eastwell was

preparing lo take his leave. He will officially retire although he will become a non-executive director of Fisons' scientific instruments board. He said he planned to have more time for his hobbles of gliding ond sailing "and to reflect on other things I would like to do"

By Jane Fuller

ciosing Prospective's head office in Park Lane, London DOCTUS, the management consultancy, improved pre-tax profits by 83 per cent to £8.44m and removing a layer of man-agement. It had also applied its in the year to September 30. The shares closed 12p higher own medicine, which included reducing stock and cutting debtor weeks. Turnover advanced 48 per cent to £132.13m, while earn-ings per share showed an 86 per cent increase to 16.03p

In New York, three promo-tional companies bad been combined to produce one cata-logue for such things as leather-bound gifts and pens.

In the UK, the squeeze on company profits had created work for the company, he said. It had forward work for 23 weeks.

But if a real recession came it would be cushioned by its two thirds overseas earnings in 18 countries, with the US figur-

Mr Brian Blake, Doctus ing strongly. chairman, said margins had A proposed final dividend of been improved by, for example, 2.4p makes a total of 3.05p (2p).

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Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. YOn capital increased by rights and/or acquisition issues. SUSM stock. SSUnquoted stock. «Third market, "Unchanged property development dividend of 1p also declared

is considering appealing against a High Coart decision made on Friday by Mr Justice Vinelott on the deductibility in the US. for tax purposes of a £50m payment to Johnson Matthey Bankers five years ago. Mr Justice Vinelott overtarned a previous ruling by the General Commissioners for sitions and documents relating to matters discussed at a meet-

Income Tax and ruled in favour of the Inland Revenue month. against Johnson Matthey.

November 1989

Johnson Matthey has never assumed any benefit from the earlier ruling in its accounts, and there will no need to make further provision against Johnson Matthey Bankers. to light some weeks ago when a copy of the minntes was leaked to Hoylake by an anony-mous source. At the meeting, the advisers discussed various possible courses of action,

Butt, head of Eagle Star, and Mr Henry Frigon, chief execu-tive officer of Batus, in the US, Hoylake and Axa can also It also emerged yesterday that the Illinois Department of Insurance - which is cur-rently hearing Hoylake's applirequest any documents relat-ing to background work done cation to take over Farmers Gronp, BAT's US insurance subsidiary - has ruled that by advisers on any of the ideas discussed. the consortium can seek depo-

John Swan dives

ing of BAT's advisers last Pre-tax profits at John Swan & Sons, a livestock anctioneer and estate agent, declined to £195,000 (£225,400) on turnover of £647,400 (£532,600) in the half-year to October 31. After Details of the meeting came tax of £68,600 (£78,000) earnings per share were 18.9p (21.8p).

waiting to see if Adla will return with a higher offer and **Panel extends** Hestair's shares closed at 332p yesterday, above BKT's offer. Mr Nicholas Wills, BET's timetable for Dixons

The Takeover Panei has granted Dixons, the electrical retailer, a few extra days over chief executive, said that its existing businesses offered "a great deal of overlap" with the Christmas period to pro-duce its defence document Hestalr's employment agency operations and that it had been considering entering the market for about a year. replying to the hostile £568m bid from Kingfisher, the retail

group. Under the takeover time-BET's shares fell 18p to table Dixons was due to post its defence document on 256p, reflecting concern that shares would be issued to finance the acquisition. But December 26, which is a public boliday in the UK. Dixons, if it so wishes, will now be able to delay its document until December 29. Mr Wills said apart from the share alternative included in the offer no new shares would be issued in the UK.

BOARD MEETINGS

The following companies have notified date of board meetings to the Stock Exchange Such meetings are usually held for the pur pose of considering dividends. Official indica-tions are not available as to whether the

TODAY

Interime- Scalinweite, Broadwall Land, Fau-nei Trading, Fernamet, Hermony Lei euro, MAC, Tinat ey Robor, West Trust, Westpool

null Whitey, NPC.

Jones Stroud ______ Jan. 11 Scrimerville (William) ______ Jan. 15 Storing Industries ______ Jan. 16 Final- (Rev) Leisure _____ Dec. 22

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WILCOMATK Washing the Way Ahead!

£9.800,000 Senior Debt and Working Capital Facilities to Fund a Management Buy-Out

Arranged by

National Westminster Bank PLC Acquisition Finance Unit

Underwritten by

National Westminster Bank PLC

Equity Finance Arranged by

Phildrew Ventures

A NatWest Acquisition Finance Unit

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FISONS

Recommended Offer for VG Instruments plc

Notice to holders of Ordinary shares in VG Instruments plc

N M Rothschild & Sons Limited ("Rothschild") announces on behalf of Fisons ptc ("Fisons") that by means of a formal offer document dated 18 December 1989 (the "offer document") despatched yesterday to shareholders of VG Instruments pic ("VG Instruments"). Rothschild has made an offer (the 'Offer') on behalf of Fisons to acquire the whole of the share capital of VG Instruments. Terms defined in the offer document have the same meanings in this notice.

The Offer for VG Instruments Shares is a recommended offer on the basis of 1.8125 New Fisons Shares for each VG Instruments Shara, which values each VG Instruments Share at 535p. Subject as mentioned below, acceptors of tha Offer may elect to receiva all or part of their consideration in the form of cash or Naw Fisons Loan Notes. The full terms and conditions of the Offer, including the Cash Alternativa and tha Loan Note Alternative are set out in the offer document.

The Offer is capable of acceptance from and after 11.59 p.m. on 18 December 1989. With effect from that time, the Offer is, by means of this notice, extended to all persons to whom the offer document may not be despatched and who hold or ara entitled to have allotted or issued to them VG Instruments Shares. Copies of the offer document and Forms of Acceptance are available for collection from N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

The Offer will not be made directly or indirectly in, or by use of the mails or by any means of instrumentality of inter-state or foreign commerce or of any facilities of a national securities exchange of the USA. The New Fisons Shares and the New Fisons Loan Notes will not have been, and will not be registered under the United States Securities Act of 1933, as amended, and accordingly may not be directly or indirectly offered, sold or delivered in the USA or to or for the account or benefit of any North American person.

This notice is published on behalf of Fisons and has been approved by Rothschild, which is a member of Tha Securities Association, solely for the purpose of Section 57 of the Financial Services Act 1986.

The issue of this notice has been approved by a duly authorised committee of the board of Fisons. The Directors of Fisons accept responsibility for the information contained in this notice. To the best of the knowledge and belief of the Directors of Fisons (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

19 December 1989

£200,000,000

Floating Rate Notes Due 1996

Interest Rate: 15%% Interest Period: 18 December, 1989 to 19 March, 1990 Interest Amount per £10,000 Note due 19 March, 1990: £380.21 Interest Amount per £100,000 Note due 19 March, 1990: £3,802.05 Agent Bank Baring Brothers & Co., Limited

NOTICE TO HOLDERS OF WARRANTS

issued by

DOWA MINING CO., LTD. in connection with its

U.S. \$50,000,000 7 per cent. Guaranteed Notes due 1990 with Warrants

You are hereby notified, pursuant to Clause 4(A) of the Instrument dated August 12, 1985, that at a meeting of the shareholders of Dowa Mining Co., Ltd. (the "Company") held on June 29, 1989, it was resolved that Dowa Kosan Co., Ltd., a subsidiary of the Company, be merged into the Company effective as of January 1, 1990

DOWA MINING CO., LTD.

Dated: December 19, 1989

Cautious Peel static at £9.5m

By Andrew Bolger

ember 30.

(16.770).

the man, said the period had been terday one of consolidation, with the profits economic nutlook giving rise to PEEL HOLDINGS. property group, yesterday reported pre-tax profits increased by only 2.7 per cent to \$3.51m in the six months to economic nutlook giving rise to doubts about prospects for property, stemming principally from high interest rates, accel-arating building costs and a forecast increase in surplus lettable space. He added: "New develop-ment projects are only being undertaken if they do not Turnover, bnwevar,

Turnover, bnwevar, increased from £14.25m to £37.59m, boosted by January's £304m acquisition of London Shop, the property investment company. That was preceded by a £121m rights issue in December which almost dou-bled the number of shares in issue. Accordingly, earnings fell by 48 per cent to 8.71p (16.77p). undertaken if they do not increase the overall exposure of the group and whenever possible the group will concen-trate on the redevelopment or refurbishment of properties already held in its own portfo-lio." Mr John Whittaker, chair-

Singapore sale for Standard

Chartered Standard Chartered has agreed to sell the lease on its Singa-pore building fur \$800m (f258m) cash, bringing it a fur-ther much-needed capital boost. The 42-storey building in Battery Road is being bought by DBS Land, a Singapore-

d investment holding company. Standard Chartered will continue to occupy about a quar-ter of the floor area. trade at a loss until the end of 1987.

from market-making in Euro-bonds as a result of trading losses and the perceived uncer-

LMB and its subsidiaries to concentrate their activities on corporate finance, development capital, investment manage-ment and stockbroking. The group continued to trade

not exactly belied the enlarged group, which explains why the shares - which have been as high as 327p this year - yes-barday eased 1p to 244p. Peel is battening down the hatches, pushing ahead with disposals to reduce borrowings, avoiding new developments and concern to reduce our owings, avoiding new developments and concen-trating on maximising rentals by tight management. Forecast profits of 220m for the full year put it on an undemanding mul-tiple of 13.5. However, any downside is limited by the value of net assets per share, which is expected to increase to about 450p (395p) by the year-end.

NEWS DIGEST

Interest

rates hit

Beaverco

ntember 30.

turnover.

HIGH INTEREST rates

performance in the half-year to

reduction in consumer spend-

ing. Interest payments in the

period amnunted to £743,000 compared with £355,000;

5338,000 (£370,000) was set aside for tax leaving earnings of 7.2p (9.3p). The interim dividend is

A marked slowdown in the

rate of public house disposals and a sharply reduced contri-bution from its Bridger Proper-

ties side meant interim profits

Property disposals across the

company's two divisions put in a total of £676,400 this time, down from £986,700, while

Bridger contributed £89,800

Earnings per share worked through at 14.25p (21.92p), but the interim dividend is raised 0.25p to 2p.

Marginal decline

at Victoria Carpet.

carpet industry had experi-enced considerably reduced

Earnings were a little down

at 10.93p (11.5p) per share.

maintained at 1.9p.

at £894,300

£894,300.

ences

(2616,800).

19.45m

remained difficult

Gibbs Mew flat

BB & EA dips to £280,000

British Building and Engineer-ing Appliances, the maker and hirer of scaffolding and other building equipment, blamed high interest rates for its pre-tax profits downturn from \$415,000 to \$277,000 in the half mean to Sentember 30.

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together with very competitive trading restricted Beaverco's year to September 30. Turnover was a lower 28.5m (23.4m) and the directors said that the next six months of trading would also be difficult. September 30. Pre-tax profits of this USM manufacturer of plastic foam, furniture and sports equip-ment, fell from \$1.06m to to £966,000 in spite of an increase from £19.05m to £27.91m in Earnings per share fail to 14.8p (22.3p) and the interim dividend is halved to ip.

Although the immediate order book was strong. Mr JA Lees, chairman, said the heard continued to be particularly concerned by the high level of interest rates and the contin-ued pressure caused by the G&G Kynoch shows losses of £0.37m

G&G Kynoch, the Banfishire-based woollen cloth manufac-turer, tumbled into the red in the year to August 31. From pre-tax profits of \$235,000, the company fell to losses of

£374,000. Although turnover rose to £4.9m (£4.78m), the change in stocks of finished goods and work in progress was down at £57,000 (£430,000). Operating profits declined to £12,000 (£422,000) and interest

payable more than doubled to \$415,000 (£187,000). In addition there were exceptional costs of £75,000 (nil).

Losses per ahare came to 67.1p (carnings 80.7p) and the final dividend is a proposed 1p (4.5p) to make 2p (5.5p) for the Vear.

at Gibbs Mew, the USM-quoted brewer and property develop-ment group, fell from £1.55m to Grainger Trust up Turnover in the six months. 23% to £7.3m

to end-September declined to \$7.58m (£10.1m). Directors said, however, that Grainger Trust, a property investment and trading group, increased pre-tar, profits by 23 per cent to \$7.5m for the year the result was not unexpected and arose from "timing differ-

to September 30. The result was achiaved despite interest payabla laaping from £6.49m to

£15.86m. Gross rental income was 29.48m (£6.1m) and trading profits amounted to £19.47m (£11m). Investment and other income totalled £283,000

(2191,000). Earnings per share came out at 28.2p (20.4p). The proposed final dividend is 6.05p making a total of 5.35p (4.5p).

Victoria Carpet Holdings, which makes and distributes ECU85,000,000 carpets, saw pre-tax profits marginally fall from £1.1m to £1.08m in the six months to Skopbank September 30. Turnover was Floating Rate Notes due 1992 also down, from £19.71m to Notice in hindby given that in respect of the playest Period from December 19, 3969 to March 19, 1990 the Notes will carry an Interest Rate of 10,7425% bet annum. The The company said that the demand in the UK and Anstra-lia in the period and that cur-rent trading conditions

coupon amount payable on March 19, 1990 will be ECU26,856.25 per ECU1,000,000 Note.

London, Neval Agen

ber 19. 198

A sure-fire, two-pronged strategy for investors concerned about event risk.

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tight control. The interim dividend is maintained at 3p. O COMMENT Peel geared up to acquire Lon-don Shop, which increased its exposure to the retail sector. High interest rates and con-

Gearing was still over 100 per cent but properties worth £30m were sold and disposals

would continue to reduce borrowing levels. High interest rates reduced

demand at Peel's hnusebuild-

ing companies. Work in prog-ress was consequently under

sumer spending trends have

Court approves LMB write-off

By Raymond Hughes, Law Courts Correspondent

THE HIGH Court yesterday approved a proposal by Lloyds Merchant Bank to reduce its Ellom capital by writing of a deficit of almost £35m on its profit and loss account. In evidence read to the court

Mr David Horne, the bank's managing director, said that during 1986 LMB, which had been set up the previous year, had made a pre-tax trading loss of £21.6m and had continued to

profitably: its profits at the taxable level for tha first nina months of 1989 were

UK COMPANY NEWS

In 1987 it had withdrawn

tainties of that market. Restructuring had enabled considered it to be in the best interests of LMB and its share-holder, Lloyds Bank, that it should be restored to a position

Mr Horne stated that, having regard to the restructuring and the improvement in LMB's financial position, the directors

where it was able to resume paying dividents. IMB was solvent and able to meet its liabilities to third par-

ties, currently totalling £140m, Mr Home stated.

structured financings. 2. Order a fabulous 3-star meal, go home, watch some telly, sleep like a log.

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FINANCIAL TIMES CONFERENCES CREATING A EURO-WORKFORCE IN THE 90s

London, 22 & 23 January, 1990

This two-day conference will open with keynote addresses by The Rt Hon Norman Fowler, MP, Scretary of State for Employment and Mrs Vasso Papandreon, European Commissinner for Social Affairs. The challenges for Commissinner for Social Affairs. The challenges for management of attracting an adequate supply of qualified people in the next decade will be reviewed by John Banham, Director-General of the Confederation nf British Industry; Tony Raban, Chairman of the Fnrum Europeen de l'Orientatinn Académique; Professor Dr Matti Otala, Senior Vice President nf the Nokis Corporation and Ivan Yafes, Deputy Chief Executive (Engineering) of British Aerospace plc. Prnfessor Paul Lee Evans of INSEAD will speak on the challenges and npportunities nf a pan-European market and how companies can make existing managers more European. The internationalisation nf management will be discussed by Richard Noonan, Vice President, Industrial Relations, Ford nf Europe and John De Leeuw, Managing Director of the Corporate Staff Bureau, Philips International BV.

COMMERCIAL AVIATION IN THE ASIA-PACIFIC REGION TO THE END OF THE CENTURY AND BEYOND

Singapore, 12 & 13 February 1990

By the year 2000 the Asia Pacific region is expected to be accounting for some 25% of the entire world air transport nutput, generating a massive growth in the entire air transport infrastructure of the region. This Financial Times conference brings together a most distinguished panel of speakers to assess this growth and examine the challenges and problems it will generate.

Contributors include: Lim Chin Beng, Sir Colin Marshafl, Peter Sutch, Mitsunari Kawano, Dean Thornton, Lonis Harrington and Cecil Rosen.

THE LONDON MOTOR CONFERENCE London, 5 March 1990

Louis Lataif, President of Furd of Europe will deliver the keynote address at the 1990 London Motor Conference - the sixth in this well established series. Other contributors will examine the relationships between motor manufacturers and examine the relationships between motor manufacturers and compluents suppliers and assess changing patterns in distribution, retailing and the aftermarket as the Single European Market draws closer. As in previous years, the conference has been timed to coincide with the Autopartac Exhibition at Olympia.

CAPITAL MARKETS WORKSHOPS London, 21, 22 & 23 March 1990

In 1988 the Financial Times and Price Waterhouse joined forces to arrange a highly popular series of capital market workshops. The Workshops provide intensive training for small numbers of individuals. The programme provides detailed coverage, supported by case studies of capital markets activities, ranging from underlying concepts through the specific markets and instruments, to practical guidance on key aspects of management and control of the business including operations, risk management and performance measurement.

All enquiries should be addressed to: Financial Times Conference Organisation 126 Jermyn Street, London SW1Y 4UJ Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF G Faz: 01-925 2125

FINANCIAL SECURITY ASSURANCE.



UK COMPANY NEWS

Southend Property downturn

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A RISE of £1.68m in rental income to £7.85m failed to halt a decline in profits at the pretax level from \$4.84m to \$4.3m at Southend Property Holdings in the six months to September

Sales of dealing properties were only 25,99m this time compared with 236.8m, but, to counter that, non-property trading sales contributed Australian mining sales were more than doubled at £2.87m (£1_15m).

Directors said the rise in rental income reflected the board's declared policy of creating an investment portfo-lio with substantial income

and capital growth potential. The indication was that rental income for the fall year would be in excess of £16m, against £13.12m in the corresponding period. They said that the group was

well funded, with the majority of its borrowings being at favourable fixed rates of inter-

The potential for income growth in the existing portfolio was substantial and the direc-tors expected further consist-ent progress in property invest-

Interest this time took £5.97m (£4.56m). The interim dividend is

raised from 1p to 1.20 although carnings per share have fallen sharply from 12.27p to 2.15p.

LEGAL NOTICES

No: 007168 of 1989 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT In the matter of CHARLES JOURDAN LIMITED and In the matter of the Companies Act 1985

NOTICE IS HEREBY GIVEN that the Order of the High Count of Justice (Duncery Division) dated 4th December 1996 Continuing the roduction of the capital of the above-named Company from 22/07/8028 to 2014/998/97-50 and the Misute approved by the Court show-ing with, respect to the Coupling of the Company as altered the several particulars required by the showe-mentioned Act when d by the Registrar of Co December 1995

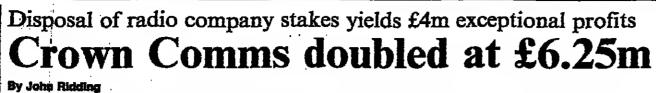
Dated this day of Joly 1989 Dectors Hall Burgin & Warrens G Chanoey Lans Chicon's ins London EC4A 1981 etors for the above-neosod Comp

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والمعتاد والمراجع والمراجع والمراجع وأراقه



THE DISPOSAL of lucrative

radio investments, which yielded net profits of more country. than 14m, lifted Crown Com-London news radio station, munications to pre-tax profits of £6.25m for the 12 months to achieved only flat profits after a difficult first half in which end-September, donble last year's £3.12m. revenues fell by 10 per cent. This was said to reflect the defection of adult and older lis-teners to Capital Gold, the AM The shares gained 23p to

quarter.

market.

March.

to £1.82m.

interim dividend.

Triple purchase for Scholes

switchgear and cable accesso-ries business. Scholes said the

acquisitions would move the

company more into industrial switchgear and reduce its reli-

ance on the cyclical housing

Scholes also announced that

it was strengthening its links with Asea Brown Boveri, the

Swiss-Swedish electrical engi-

close at 272p. Mr Christopher Chataway, chairman, described the period as one of rapid progress on many fronts. IRS, the national advertising sales company, had its most successful year to date and now represented about 50 per cent of the network.

Ha added that "the year's most important development may well prove to have been the acquisition of a 35 per cent stake in RFM", the French radio network, which now cov-

SCHOLES GROUP, the electrical products manufac-

turer, has agreed to buy three companies from BICC, the cables and construction group,

The Preston-based compa-

nies - Dorman Smith Switch-

gear, Dorman Smith Engineer-ing and BICC's Britmac -comprise BICC's industrial

23% decline

to £1.41m at

Union Square

Union Square reported pre-tax profits 23 per cent lower at £1.41m, against £1.84m, for the six months to end-September.

Turnover fell from £7.62m to,

Mr David Thompson, chair-

man, said that the cashflow impact of high interest rates on the property development

and investment activities of the group had been cushioned by the strength and profitabil-

ity of the company's estate

agencies. The group's two resi-dential agencies increased prof-

Earnings per share for this USM-quoted company, for-merly known as Glentree,

came out at 1.5p (2p) and a maintained interim dividend of

0.4p is declared.

By Andrew Bolger

for £11.25m.

£5.84m

ers about 60 per cent of the from £0.75m to £1.57m.

A reorganisatioo of the In the UK, LBC, the group's group's radio portfolio, and in particular the sale of its stake in Piccadilly Radio, now Trans World Communications, world Communications, yielded the investment profits. After the costs of splitting its frequencies and other charges there was an exceptional credit service of Capital radio, Crown's London rival of £2.61m. (£290,000). Group turnover increased

Since the year end, Crown has responded by splitting its from £8.63m to £20.35m. Barnings per share rose from 12.1p to 16p and the proposed final dividend is increased from Sp own broadcasting frequencies to provide two talk stations. Mr Chataway said both had been well received and London to 3.5p giving a total of 5p (3p). COMMENT Broadcasting's sales were up

Stripping out the exceptional benefits arising from the dis-posal of radio investments, the increase in Crown's profits is 22 per cent, relatively modest by about 25 per cent in the first Crowo's associate radio interests increased their contribution to group pre-tax profits

neering group. Scholes said that in view of

the success of long-standing joint ventures between the

companies, it had decided to give ABB the right to supply the Dorman Smith companies

with miniature circuit break-ers, moulded casa circuit breakers and wiring accessory

compared with the perfor-mance of its colleagues in the commercial radio sector. But the difficulties were restricted to the first half and, with its split frequencies now up and running, London Broadcasting should add its rightful share to group profits. The increased andiences delivered by the new stations should also offset the slowdown in sdvertising reve-nnes which has prompted a sharp fall in Capital's share price over the last few months. With even more exceptional with even more exceptional benefits expected this year, pre-tax profits should reach 58.5m, placing the shares on a moltiple of aboot 14. The strength of its radio portfolio provide support for this rating despite the less buoyant short tarm outlock for the sector.

sharp rise at Bromsgrove By Richard Tomkins. Midlands Correspondent COMBINATION of

A COMBINATION of acquisitions and organic growth produced another strong rise in interim profits at Bromsgrove Industries, the acquisitive Midlands-based mini-conglomerate chaired by Mr Bijan Sedghi. In the six months to Sentem-

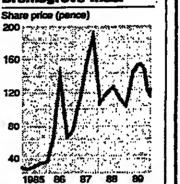
Acquisitions

help prompt

In the six months to Septem-ber 30, the pre-tax figure rose by 49 per cent to £3.32m (£2.22m) on turnover up from £20.65m to £33.67m.

Acquisitions accounted for about 60 per cent of the profits growth, with four business joining the group during the period: James Naylor, Alpha Zinc, Birmingham Battery and Forth Tool & Valve. The rest of the growth came

Bromsgrove Inds.



from existing activities, where Bromsgrove has, over the last few months, reduced its exposure to consomer industries through a series of disposals. A rise in gearing to 48 per cent took the interest charge up from £2,000 to £530,000, but Mr Sedghi said borrowings

motive sector, which accounts for 40 per cent of sales. Continned strength in demand for

Tax took £302,000 (£229,000) leaving earnings per share at 8.71p (7.21p). The final dividend is a proposed 3p (2.65p) making 4.1p (3.75p) per 10p ordinary 1990 Warning to Investors from **Discount Brokers International**

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commission rates or even increased their rates. Only a few brokers reduced their rates. Warning to Investors. If you are

tired of paying high commissions, shop around before you trade. You can save more money than you may realise. For example: If you buy or sell

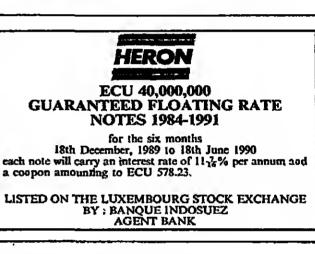
2000 shares of a stock selling for [4 per shure, we charge you [50, compared to the tate of £121 charged by a typical full-price broken. This is a saving of [71 or (852 a year, if you do this twelve

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Main Office: Parliament House, 81 Black Prince Road, London SE1 7SZ.



Warm weather Colorgen cuts deficit to slows growth \$220,000 at Amberley Amberley Group, the building preservation specialist, posted Colorgeo Inc. the Massachusetts-based maker and seller of computerised cola small increase in pre-tax profits - from £203,000 to £211,000 - in the six months

HEALTH CARE

products.

our matching systems, cut its es by \$89,000 in the year to to September 30, its first set of interim results since joining the USM in June 30. This USM-quoted company

incurred a deficit at the tax-able level of \$220,000 (£137,000), Turnover showed a fracagainst \$310,000 last time. However Mr John O'Brien, chairman, said that the figure ional downturn from £1.83m did not represent the sales announced in July. Had these been included, he said, the group would have achieved The directors said they thought that the absence of growth was due to a reduction in customer demand caused by hreak-even

the unusually prolonged spell of warm, dry weather in most of Europe thronghout the Tha sales will now be accounted for in the first half spring and summer. Earnings slipped to 1.8p (1.9p) per share and there is no of 1990. Net sales were up at \$3.9m (\$2.64m) and losses per share were 1.5 cents (2.1 cents).



term outlook for the sector.

are the prepacking and market-ing of agricultural produce and the processing of beef, reported pre-tax profits up from £1.5m to £1.85m in the year to end-October. Turnover in the period fell from £88.9m to £68.26m.

£9.01m.

activities

BUSINESS

SALE

A breakdown of the figures shows that Appletree Holdings turned round from a loss of

FOR

.

would prohably be wiped out by property disposals before the year-end. Mr Sedghi detected no weak-ening of demand in the auto-Snrplus on the sale of Hunters to Dalgety was shown as an extraordinary item of

Other items were a gain on disposal of land of £838,000, a loss on disposal of property of £138,000 and costs of £101,000 relating to abortive disposal

ned strength in demand for the group's aerospace and marine products and specialist plastics led him to expect a good second half. In spite of the larger num-ber of shares in issue as a result of acquisitions, earnings per share were ahead 22 per cent to 6.21p, and the interim dividend is raised to 1.3p (1p).

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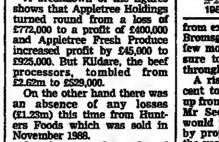
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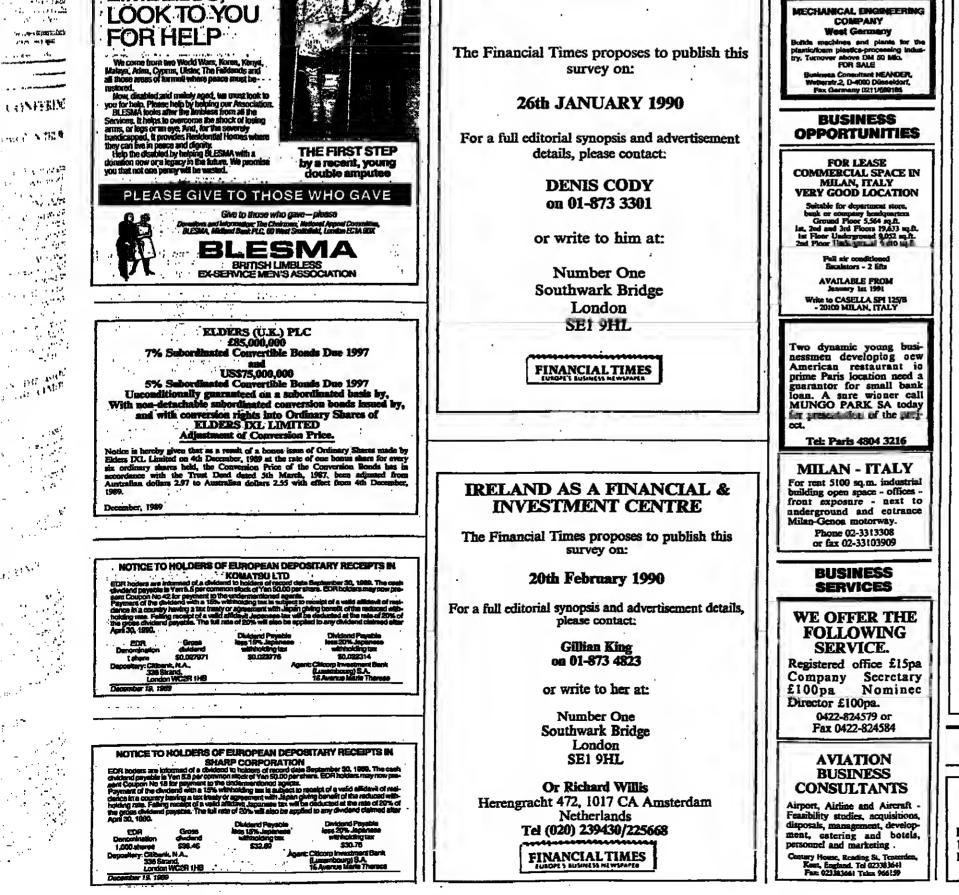
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COMMON STOCK OF TOSHIBA CORPORATION MECHANICAL ENGINEERING (FORMERLY TOKYO SHIBAURA ELECTRIC COMPANY) DESIGNATED COUPON NO. 76 (ACTION REQUIRED ON OR PRIOR TO 30TH APRIL 1990)** Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th 1970 among Tokyo Shibaara Electric Company Limited (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Ven per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE of a dividend of 4.50 Ven per share of Common Stock." The Dividend on the shares of Common Stock on record of Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received by the Custodian as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 144.56 Yen per United States Dollar. converten min United States Dotars at the rate of 144.50 ten per United States Dotar. The Depository has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, The Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such comparies organised thereander meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.** To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the surrender of Coupon No. 76 be accompanied by a property completed and aigned certificate (copies of the form which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 76. Such certificates may be forwarded by the Depositary to the Company upon its request. Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below upon surrender of Coupon No. 76. DEPOSITARY'S AGENTS NAME Chemical Bank The Bank of Tokyo Limited Fierson, Heldring & Fierson Banco Nazionale del Lavoro ADDRESS Frankfurt, German London, England Paris, France Brussels, Belgium Frankfurt, Germany Amsterdam, The Netherlands Rome, Italy nco Nazionale del Lavoro film, Italy The following table sets forth the amounts payable upon presentation of Coupon No. 76 from the various denominations of Receipts. Dividend Payable Dividend Payable (less 15% Japanese withholding tax) Connon No. 75 Detached from Receipts in the Denomination of: (less 20% Japanese withholding tax) \$1.32 \$13.23 \$26.46 \$66.15 \$132.30 1 Depositary Share 10 Depositary Shares 20 Depositary Shares 50 Depositary Shares 100 Depositary Shares \$1.24 \$12.45 \$24.90 \$62.25 \$124.50 Payment in United States Dollars in respect of Coupon No. 76 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with a bank in New York City. Date: 19.12.89 Chemical Bank, as Depositary, 180 Strand, London WC2R 1EX, England. *30th September 1989 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 75 attached. avagent will be without Coupon No. 75 attached. **Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expresses incurred in connection therewith, take such action as it deem appropriate in the circumstances to assist such holders in availing themselves of such reductions. Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after 30th April 1990 the emcess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupon No. 75. As a result, persons surrevisition Coupon No. 75. As a result, persons surrendered coupon No. 76 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary. BUSINESS EDUCATIONAL SERVICES **BUDGETS** The Business Language Consultancy CASH FLOWS Produced promptly by residential or in company tuition. Translation and loterpreting services. 1st Jao via FAX. 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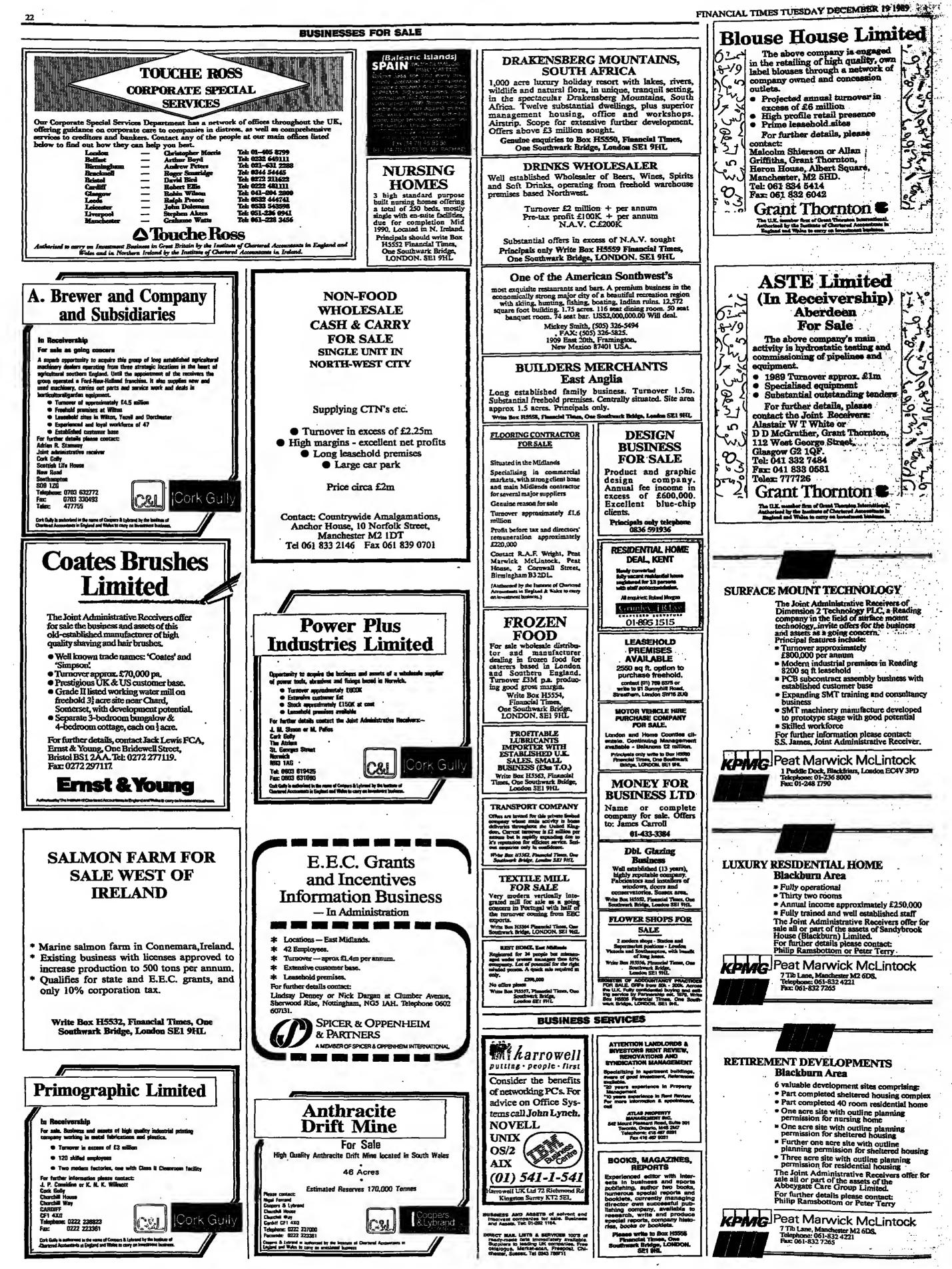
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Apprehension spurs reform

AT THE end of a decade of deregulation and intensified. competition on world financial markets, the conservative Swiss are at last accelerating their efforts to improve the efficiency of their finance cen-tre and to refurbish its image. These efforts have also become more concerted in 1989. is true that the bankers long running dispute with Mr Otto_Stich, the unyielding finance minister, over the Fed. eral stamp duty on securities transactions remains unre-solved, and indeed threatens to reach an angry political cre-scendo in a national referendum. But in other matters the Government, the regulatory anthorities and the banks have begun to strike compromises in.

true Swiss style and Underlying the quickened pace of reform is a fear, partly engendered by the recent weakening of the Swiss franc, that Switzerland could be marginalised as a financial centre. Other, more specific factors hastening change include the European Community's move towards a single market for financial services, and the "Kopp affahr", the money-laun-dering scandar which ra year. ago provoked the resignation of Mrs Elisabata Kopp, the jus-tice minister and Switzerland's first woman cabinet minister.

Indications of the faster pace include the stepping np of activity by the Cartel Commis-sion and the Banking Commis-sion. In addition, top manage-ments in the big banks appear to have changed emphasis. After suffering some bruising in their foreign expansion pro-jects, they have decided to devote more attention to their home turf and to promoting Switzerland as a financial cen-

tic tax authorities.

mon practice abroad.

Pre

Cynics will highlight the impact of the Kopp Affair, it has strongly affected opinion in the public and among Swiss legislators, who have become very concerned about the Confederation's international image. Mrs Kopp has been absolved of any criminal act, but she faces trial in February on charges of breaching official secrecy with the telephone call, in which she warned her husband that a company, of which he was a director, was being investigated in connection with a drugs money case.

With unwonted speed and within a year of Mrs Kopp's resignation; the twin-chamber parliament has passed a Bill -ironically enough, introduced by Mrs Kopp - making monlaundering a crime. In principle the changes to the penal code do not weaken the secrecy the banks provide to normal

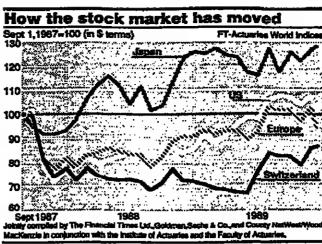
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SWITZERLAND'S TOP 10 BANKS: 1988 (\$m) Capital/assa ratio (%) Capita Profit Assats 1 Union Bank of Switzerland 6.715 8.1 728 110,760 2 Swiss Bank Corporation 6,055 5.8 623 102,446 3 Crédit Suisse 6.4 4.785 523 75,388 4 Swiss Volksbani 1,318 5.7 104 22,965 5 Zurcher Kentonal Sank 3.8 888 55 **23,17**S 8 Bank Leu 858 8.7 39 9,876 7 Sanque Cantonale Vaudois 5.5 408 47 7,479 6.5 8 Banca della Svizzera Italiana 400 45 6,108 9 Luzerner Kantonal Bank 4.8 340 21 7,090 41 10 St Galilische Kantonal Bank 303 n.a. 7,440



Source: The Banks

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Swiss Banking **Finance and Investment**

stock exchange and banking practices in line with those coming into effect in the EC. customers - or even to those depositing money which has evaded the attention of domes-They are also speeding up modernisation, to ensure that the Swiss market can compete Banks will have to sharpen their systems for determining the origin of the funds placed with them, and be prepared to cooperate with legal anthori-ties in cases involving money derived from drugs traffic or other original activities. The at the technical level with Lon-don, Frankfurt, Paris and

In October, an agreement providing reciprocal, free establishment rights for non-life insurance businesses was other criminal activities. The effect of the legislation is to signed with Brussels. Deals are being negotiated on mutual recognition of investment and bring Switzerland into line with what is becoming comssure for Swiss adjustunit fund rules and bank reporting requirements. Swiss banks foresee that they will ment is also coming from the European Community's decision to put in place a single financial services market by the second half of 1990. Capital have to improve on current practice and conform with the EC demand for consolidated reports. In addition, their right would then be able to move freely between Switzerland and to maintain hidden reserves is the EC as well as within the at stake. Community. So far the EC's own hesita-

The Banking Commission has already issued new direc-tives which will force the banks to report allocations to tions make it difficult for the Swiss to assess with any preciprofits from these reserves, if they exceed more than 3 per cent of their own capital and 30 sion the extent of the changes they will be forced to make or can perhaps manage to resist. Brussels has still to per cent of net earnings. In explaining its move, the com-mission pointed to the large decide on some fiscal control measnres. One, on the losses that the Big Three Swiss banks - Union Bank of Switexchange of information on tax matters between member states, is of prime importance zerland, Swiss Bank Corporato Switzerland. Banking secrecy currently prohibits Swiss banks from passing on information about customers' tion and Crédit Suisse - had suffered on their London operations in 1987, but which had not been shown in their accounts whose contents have annual reports.

slipped through the nets of tax Even more dramatic changes have been provoked by the Cartel Commission which, in April, called on the banks to authorities. Nevertheless, if some still hope that Switzerland can continue to be a *Sonderfull*, or spe-cial case, as regards banking secrecy, the Swiss have already scrap or amend 19 price-fixing practices or competition-exclu-ding arrangements. The banks complained that the full packstarted to harmonise other



The Geneva stock exchange

age would amount to a London-style Big Bang with serious adverse effects. They have complied with 10

recommendations. reached compromises on five others, but have stood out against four key items, including brokerage

fees and restrictive practices by the Big Bank syndicate which dominates the underwriting of Swiss franc bonds. The Government now has to decide whether or not to enforce the Cartel Commising secrecy and a strong franc - and the banks have long thrived on the monies provided sion's proposals.

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The big Swiss banks' renewed concern for their own backyard bas been most clearly expressed in projects for improving the stock mar-ket. First, they have put their weight behind the project to establish by the middle of 1991 a fully electronic Swiss

exchange. Second, by changing policy and backing Federal control of the stock market against the existing system, which subjects the exchanges to cantonal legislations, they bops to ensure that the Swiss securities market, concentrated on Zuricb, Geneva and Basle and organised on a nation-wide basis, can bold its own internationally. But this means leaving the four smaller exchanges

to their fate. Third, they have been pro-moting the virtues of self-regulation. A takeover code bas been issued and improvements have started to be made in the information available on prices and turnover, which, it is now acknowledged, has been completely inadequate for a market with international pretensions. These more vigorous efforts to knock the Swiss financial centre into shape are not only a reaction to deregulation abroad and increased competition from a frontier-less EC. Current domestic developments have also caused Swiss bankers to start worrying about tremors in some traditional pillars of their success. Switzerland has been a haven of low interest rates, low inflation, political stability, bankCONTENTS

23

The advantage that Switzerland had as a financial centre has targely disppeared, as improved international stability has made the Swiss sale haven rather less

южу .. Private banking Foreign banks The stock market 3 -3 Insurance Bonda Covered warrants

by depositors at next to no

Now, interest-free deposits are drying up and the other ingredients, perhaps only tem-porarily, seem to be less sure. Swiss Bank Corporation recently looked at how a mixed batch of Swiss and foreign customers had been placing their savings over the past nine months. On average, half had gone into long-term, higb-inter-est accounts; 20 per cent had been invested in bonds; 15 per cent in money market paper cent in money market paper, and 15 per cent in equitics. Nonc kept money in current or low-interest accounts.

Many Swiss bank customers have become financially sophisticated. The banks no longer benefit from a pool of cheap money, and have refi-mancing problems. They have constantly referred to the higher cost of capital in justify-ing an unwonted series of increases in mortgage rates this year.

Higher housing costs helped to push inflation to a 4.5 per cent annual rate last month, suggesting that the Decemberto-December Increase in con-sumer prices will be more than 4 per cent this year. The pros-pect of accelerating inflation had already led the Swiss National Bank (SNB) to tighten monetary policy, which in turn has pushed short-term interest rates to over 7 per cent

rates to over 7 per cent. Since May, when the rates settled down at their new level, the trade-weighted value of the Swiss franc has risen by some 4 per cent, but this has been only a partial recovery from the decline of more than 12 per cent in the previous 18 months, in the immediate future, at least, the priority given by the SNB to containing inflation and the bankers' concern that the currency should continue to be seen as an attractive investment vehicle are likely

to coincide All in all, the current mood in Swiss banking is one of alertness and determination to cope with exterior challenges rather than anxiety. Moreover, confidence has been bolstered by what looks like being a sub-stantial double-digit rise in bank profits this year.

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24

SWISS BANKING 2

In spite of its having been another record year ...

community expects to break all records again in 1989. The big five banks have already said they expect better results than in 1988, when their net earnings were up by between 3.5 and 7.6 per cent – and down by one 75 per cent –

THE SWISS benking

* - - -

and down by over 25 per cent in the case of Bank Len.

The same acceleration seems likely for smaller institutes, many of which have said as much this antumn. National Bank figures show that the combined balance sheet assets of 358 banks rose by 7 per cent in the 12 months up to this September. At the same time as a jump in loans, there has also been a marked improve-ment in commission income off

the balance sheet. Mr Robert Studer, chief erec-utive of Union Bank of Switzerland, has forecast "further pos-itive development" for his hank. And an analysis by Bank Serasin foresees growth of over 10 per cent next year in the profits of UBS and the two other leading banking groups, Swiss Bank Corporation and CS Holding (Crédit Suisse). The banks bave largely recovered from the 1987 stock

market crash. Domestic business is flourishing despite tighter interest margins. Foreign operations are also gener-ally healthy, the big banks having come to grips with any set-backs in London or New York activities. In spite of the occasional glitch, such as from capital-market issues, fol-

The advantages are fading

some of the alternatives fore-seen by Dr Otto Stich the

finance minister. The whole

matter currently lies in the

dure. A commission of the National Council, the country's

lower house, came np this

summer with a proposal including some compensatory taxes - but excluding the

suggested tax on fiduciary

eccounts to which the banks particularly object. This month

a commission of the States Conncil (upper house) has presented a proposal of its own which falls even shorter of the

The banks are also at odds with the Federal Cartel Com-

with the rederal Cartel Com-mission, which recommends the scrapping of a number of inter-bank convention agree-ments on standard fees. The Bankers' Association had agreed to 10 of the 19 proposals made in April by the commis-sion which for its part has

sion which, for its part, has

since declared itself prepared under certain conditions to

drop five other demands. It continues, however, to advise

the finance ministry to act in

the four remaining cases. This would mean the aboli-

minister's wishes.

SBC's losses from the German Co-op affair, the overall quality lowing the decline in the float-ing of Swiss-franc bonds by forof credit portfolios is high, and there is no serious threat from eign borrowers. At the same time, the advan-

sovereign-risk defaults. Given all this, it may seem that Swiss bankers are well-versed in e practice known in German as tage Switzerland had as a financial centre has largely dis-appeared. Mr Walter G Frehner, SBC chief executive, points out that other countries have gone through e phase of lamenting without suffering". Particularly in the past few Particularly in the past lew months, many of them have been complaining abont their lot. As Swiss Bankers' Associa-tion chairman Mr Claude de Saussure pots it: "Today, you always hear two claims about Swiss banks – one is how well there are doling and the other deregulation and expansion over the past few years. And improved international stability has made the Swiss safe haven rather less necessary. "Today Switzerland is just one financial centre among oththey are doing and the other that they are in a crisis." ers." says Mr Frehner. What bothers him and other

While Swiss banking is far from crisis-ridden, it is not bankers is what they see as additional obstacles being put without its problems. Some are temporary and unavoidable, and result from the current in their path by government. The main point at issue has for years been the stamp duty on securities transactions, High interest rates have led which has lost Switzerland a lot of business, especially to London and Luxembourg. While the federal council, the nation's coalition cabinet, quite sees the need for a change here, it is unwilling to lose the whole of the SFr400m involved without some sort of compensation in the form of new taxes.

tion of agreements on standard The banks do not agree with

PRIVATE BANKING

Tailor-made for individuals

fees for safe-custody accounts, minimum brokerage and documentary-credit charges, as well as the opening up of the big banks' issue syndicate for for-eign borrowers' Swiss franc

As well as keeping np its opposition to the commission's remaining demands, the association has called on the Federal Court to enable it to inspect unpublished documents on which the cartel commission based its decisions.

Opposition also comes from the Association of Swiss Stock Exchanges. This has announced new brokerage conventions to come into force on January 1 - including massive Dissatisfaction with "Berne" încrea is also being volced by foreign bankers on a different point. This is levelled at a recommendation by the finance ministry which would subject certain finance companies to the provisions of the Banking Act. Apart from objections that the proposals are unclear and cannot simply be decreed without application to parliament, the Association of Foreign Banks in Switzerland expresses its fears that this could mean the

spproximately 50 firms in question would either become direct competitors to existing banks - or just move part or all of their business abroad.

all of their business abroad. Not that the banking com-munity is opposed to all new developments. The new mon-ey-laundering Bill, just passed by the lower bouse, finds the approval of the Bankers' Asso-ciation which has, itself, been responsible for administering a due-diligence code since 1977. And the banks are not unnatu-rely pleased with a move in

rally pleased with a move to accept subordineted loans as part of their equity coverage. At the same time, however, the Swiss Banking Commission is calling for suitable backing for such off-balance-sheet operations as currency futures transactions and subscription commitments and subscription with securities issues. Further-more, the commission insists that, in future, all withdrawals from hidden reserves, such as those which many Swiss Banks made to offset losses arising from the 1987 stock market crash, must be published.

In spite of this long list of new demands on Swiss banks, nobody is expecting any serious short or medium-term set backs to their continuing success. With a current yield of almost 3.5 per cent, they are certainly the most inviting stock category on the Swiss equities market.

John Wicks

sometimes driven by credit with clients borrowing to invest. But the client knows he

is taking a bigger risk than with a Swiss bank. Lloyds does appear to have caught on to the Swiss secret. In three years it has increased the funds under its management from \$7.6bn to \$12bn, with more than two-thirds of the increase achieved this year. Lloyds has a predominantly Swiss staff in Geneva has invested heavily in equip ment and software, and has established regional offices in the Bahamas and Hong Kong, to tan new markets.

Indeed, marketing, which is not regarded as a particular strength of discreet Swiss pri-vate bankers, has become an ential competitive tool. As Mr Jürg Sigerist, director responsible for developing private banking at United Overseas Bank, points out, banks have to attract fresh money, to reach the volume needed to offset rising spending on staff and equipment and shrinking commissions.

William Dullforce

Foreign banks will feel the effect of tightened security

FINANCIAL TIMES TUESDAY DECEMBER 19 1989

New rules add to the stress

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ing that the rules were not intended specifically to punish foreign banks. He acknowl-edged, however, that formign companies would bear the brunt of the changes. The rumour is worth repeat-ing only because it suggests the dire straits in which some foreign banks find themselves. As one banker says: "You have to look at returns on capital. Many of the Japanese banks in Switzerland are already over-capitalised, so their returns from the market may be hard FOREIGN BANKS _in Switzerland have recently had the gauntlet thrown down to them by the Swiss Federal Banking Commission: regula-tions will require finance com-panies and banks to apply for licences if they wish to be involved in underwriting and eposit-taking.

This has come in a year when it looks as if Nomura will be the fourth largest under-writer of all Swiss franc denominated bond issues (mainly because of its strength in the convertible market) and when foreign banks have domi-nated the market in covered from the market may be hard to justify." warrants into non-Swiss equi-

Japanese sector of the market is saturated, with too many marginal players chasing busi-ness dominated by the leading handful of banks. While the But it has also been a year when the leading Swiss banks have increased their overall handful of banks. While the market for Japanese equity re-lated products has been excel-lent, and while prospects for 1990 look good, there remains the possibility that a downturn on the Tokyo equity market could destroy the record issue volumes seen in Switzerland. market share, squeezing smaller and foreign banks. One manager at a US bank thinks the next 18 months will be quite tough enough, without the added pressure of the Commission's rules. Another says that the key to success will be diversification - banks will no longer be able to rely on one or two products, but will need vis-The 45 or so Japanese banks there might then find it hard to justify their continued presence. ible skills across a much wider

Nomura's president in Swit-zerland, Mr Tetsuhiro Miyake, The regulations take effect from the beginning of 1990 and will hit around 50 financial companies, 35 of which are forthinks such statements are too broad. "You have to define what you mean by a bank. There are plenty of general banking and finance compa-nies which will have to decide eign. The regulations state that they must apply for full bank-ing licences before June 1 next year. If licensed, they must whether they want to become licensed Swiss banks," he says. At the moment, however, of the recognized securities then meet capital and liquidity reordremente

houses only Nomura and Yamaichi have banking licenses. In addition, eight Jap-anese banks are licensed, while The ostensible reason for the new rules is that Switzerland has long needed to tighten its banking security. No one in the UK, for example, would question the Bank of England's Sumitomo has effective access to the market through its ownright to approve hanks doing business in the UK. ership of Banca del Gottardo. Mr Miyake is clear on what he believes the effect of the Banking Commission's mea-The step caused much whis-pering when it was announced,

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sures will be. "You have to recognize that Swiss commit-ment to Japanese securities is however, with some of the foreign banka remarking that the Big Three Swiss banka had, no doubt, lobbied the Banking Commission as a way to reduce still relatively small compared to that of, say, London," he says. "So, from a sheer eco-nomic point of view, there will the competition they are facing from foreigners. The Banking Commission's president, Mr Kurt Hauri, went out of his way to deny the runnour, staibe some houses that will close

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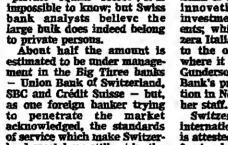
Many analysts think that the

TWO prestigious consulting agencies have recently advised the Swiss that private banking, or managing the wealth of private individuals, is where their competitive advantage lies and where they should concentrate resources.

Arthur Andersen considered the future of the blg Swiss banks, "universal" institutions offering a full range of services, lay in securing places as global players on the world financial scene. But other Swiss banks could best flourish by providing "tailor-made" asset management services.

Confirming that Switzerland is the true home of private banking, McKinsey estimated Swiss banks had between SFr1,306bn and SFr1,506bn (\$800bn-\$930bn) under management, equivalent th between e third and a half of the world offshore private

banking market. McKinsey's estimate corre-sponds to the ball-park figure of around SFr1.500bn, given two years ago by Mr Georges Blum, of Swiss Bank Corporation (SBC). Foreign bankers contend some institutional



money is blended into the fig-ures. Since, in Switzerland,

"private" equals "secret", it is

financial environment.

to e large shift in client funds, from classical savings and

deposit accounts into more

incrative investments, a move

which has made loan re-financ-

ing more expensive for the banks and necessitated e series

of very unpopular raises in the

mortgage rate. Another prob-lem has been the fall in income

land special are still set by the Geneva private banks. Pictet foreign banks that have estab-lished bases there to do just such business. American and Lombard, Odier, the higgest, manage between \$20bn and \$25bn each, although, Express bought Trade Develop-ment Bank, on which it is focusing a worldwide cam-paign for the custom of high again, some of the money comes from the institutional husiness, into which both have net-worth individuals. been expanding. Geneva and Zurich are not

Mr Edmond Safra, who sold TDB to American Express, the only Swiss specialist cen- moved back to Geneva under

the Republic New York label in 1988, after his five-year non-competition pledge tion in New York, and most of Switzerland's primacy in international private banking is attested to by the number of

adjust their techniques. When an American refers to .

Swiss private bankers as "a bunch of head-waiters", Mr Hans Baer of Zurich-based Bank Julius Baer takes it as a compliment, showing American ignorance of what the business is about. For Mr Baer private banking is only 20 per

cent money management; the rest is building the personal relationship with the client. Swiss private benkers assume that e client, who turns to them, is not looking for aggressive wealth formation but for preservetion of the real value of his savings, with anything above that taken as a useful but not essential bonns. Clients with \$2m or more to manage take their risks in their businesses; they want their savings kept safe.

The strength of the Swiss lies in their attention to per-sonal service and in their ability to manage portfolios in half e dozen reference currencles, spreading funds across several markets while anticipating and avoiding exchange risks

US banks' approach, so far, has been dollar-bound, aimed more at wealth creation and

Banking & Finance

tres. In Lugano, Banca del Gottardo, owned by Sumitomo Bank of Japan, is particularly innovetive in developing investment products for cli-ents; while Banca della Svizexpired. Lloyds Bank of the UK made Geneva the head-quarters for its private bankzera Italiana has even gone on to the offensive in the US, where it recruited Mrs Louise ing business two years ago. · Styles differ, particularly between the Americans and Gunderson, bead of Chemical Bank's private banking operathe Swiss, and a Swiss address

does not ensure success. One or two foreigners, including Chemical Bank, have quit. Moreover, the worldwide com-petition for wealthy customers has reached such a pitch that even the Swiss are having to

in Switzerland

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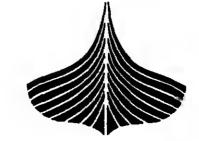
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INSURANCE

Players' eyes on the EC

SWITZERLAND'S important insurance sector is set to break all previous records this year. In 1988 the 123 Swiss-based insurers and re-insurers had already increased total pre-mium income by 14 per cent to over SF145.3bn. Interim reports from leading companies show that premiums - and profits - will probably show a further double-digit growth rate for

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This expansion extends to all main activities. Last year the increase had been particularly marked in the field of life assurance, where premiums jumped by over 20 per cent to SFr17.67bn. Non-life insurance premiums were up 10.5 per cent to SFr20.47bn and those from re-insurance business by a more modest 5.3 per cent to SFr7.5bn.

At the same time, the companies' investment earnings rose from SFr7.3bn to some SFr8.4hn, a development which, once again, more than offset the now virtually tradi-tional underwriting losses in direct non-life insurance.

There are a number of reasons for the continued increase in operational income. First, Switzerland is, liself, a small but highly rewarding market: the prosperous Swiss devote a larger share of their family budgets to insurance coverage

than any other nation. Simultaneously, Swiss insur-ers are rapidly building up their already considerable pres-ence abroad. Government esti-mates unt total foreign busimates put total foreign busi-ness at about SF121.3hn for 1988. And this excludes the pre-mium income of the Swiss groups' foreign subsidiaries, which was probably almost as much again.

Apart from the overall growth in the international insurance market, the very considerable increase in for-eign operations over the past few years reflects keen acquisition activity on the part of the SWISS

Among cross-border transac-Among cross-border transac-tions this year have been the Zurich group's purchase of Maryland Casualty in Balti-more; the acquisition by Báloise of the Rhode Island-based insurer Providence Washington; the Winterthur takeover of the former ITT sub-cidigrice Transatlantiche All sidiaries Transatlantische All-gemeine and Teicon Versicher-ung in Hamburg, and the absorption of the French busi-ness of Sociafrance into Swiss

Life. In Switzerland itself, the companies General of Berne and Vandoise have just decided

whether the treaty will have major immediate effects on Swiss-EC relations in the insurance business. Particuinsurance business. Particu-larly in the wake of the large-scale acquisitions of the late 1980s, Swiss companies have a very healthy presence within the Community already. At the same time, the 23 foreign insurers active in Switzerland account for only a couple of per cent of total Swiss premi-ums and will find little room to ums and will find little room to expand in a market which

could soon be showing signs of saturation. In the long term, though, and despite some misgivings that Swiss insurance legisla-tion could in future be tied too closely to decisions made in Brussels, Switzerland's insurers are very keen to expand their EC business. One of them, the Winterthur group, this year converted a Belgian subsidiary into a special "EC" operation and is planning to offer multinational corporate clients what it calls "European policies". And in September, Swiss Life made a bid for the

British company Pioneer Mutual. Among other geographical targets, tha United States continues to play a leading role, as shown by the latest series of takeovers. Swiss insurers have their reservations about some aspects of American business, not least in connection with third party claims, but feel they have to be present in force on the world's biggest market - particularly now they have taken steps to upgrade their portfolios there.

The recent hurricane and earthquake disasters did not affect Swiss companies too badly: Swiss Reinsurance, as one of the world's largest reinsurers, expects claims in con-nection with the San Francisco catastrophe of "significantly less than SFr100m", for exam-

Indeed, like other participants in the US market, Swiss companies could benefit from the rise in premiums which is

seen by some observers as foi-lowing the two disasters. As far as insurers' incur-sions into other fields are con-cerned, there are still some rescerned, there are still some res-ervations abont "one-stop finance". For all that; there have been a growing number of links between insurance companies and banks. Thus Swiss Bank Corpora-tion has a 22 per cent stake in Baloise (at least for the time being) and has just announced a go-operation agreement with

a co-operation agreement with Nippon Life, the Japanes

SWISS BANKING 3

SWISS EQUITY prices were among the last in Europe to make up the ground lost in the October 1987 crash. Moreover, since the late burst this summer, in which it caught up with the other exchanges, the Swiss stock market has again been performing like a badly winded runner. The absence of buyers and the low trading volumes have been attributed to the market's sensitivity to the dollar

and its tendency to ape Wall Street: to the worrisome acceleration in domestic consumer prices; and to the high interest rates, which the Swiss National Bank is expected to seek to sustain for some mooths to come. With the market in the doldrums, attention has focused once again on its endemic deficiencies, which keep Swiss

blne-chip stocks undervalued relative to comparable foreign stocks. Prices seem to be indif-ferent to forecasts of good 1989 earnings for Swiss companies and a strong domestic husi-ness climate, which has so far chown page of plunging

shown no sign of plunging into recession next year. This time, talk aboot the market's inadequacies appears the socialist finance minister. ordered the Banking Commisto be closer to action to improve matters. The stock sion to investigate suspected irregularities in trading durexchange associations and the banks have been acting in greater concertation. Parliaing last October's mini-crash. The bankers contested the legality of his action and were shocked, because they felt that technically the exchange had performed well. Trading was continued each day until all orders had been excented. mentarians are showing more concern, even though the banks' lobbying of the Govern ment for charges in the Secu-rities Act and the easing of stamp duties on securities

Nevertheless, some impor-tant decisions have been transactions has still been only partially successful. taken. The Tripartite Bourse

Association, linking Zurich, Genevo and Basle, has decided to spend SFr35m (\$22m) to put an electronic exchange with a In a move strongly resented by the bankers Mr Otto Stich, fully automated deal-matching system into place by autumn, 1991. Initially, it will handle only bonds, but enough capac-ity is planned for it to be able

the electronic options and

ipants. But the major opposi-tion, which could still prevail, comes from those who want to retain the open ontery ring system. Champions of a single. national fully antomated boorse claim that It will ensure the market of the liquidity that is at present dif-ficult to achieve when spread across seven exchanges. The bankers aim to achieve

They lotrodoced the cooo-try's first takeover code, loosely modelled on London's, in September, and a revised system of brokerage commis-sions is due to come into force in January. It lowers the size the maximum self-regulation.

securitles will be oeeded to

replace the cnrrent frag-

mented cantonal regulations, under which the bourses oper-

ate, but insist that an interna-

tionally respected exchaoge can be developed by their own

They istrodoced the coos-

efforts.

of transaction, above which rates can be freely negotiated, from SFr1m to SFr500,000 Fees will be reduced for trans-actions between SFr200,000 and SFr500.000, while commisslons on small transactions, less than SFr150,000, will go

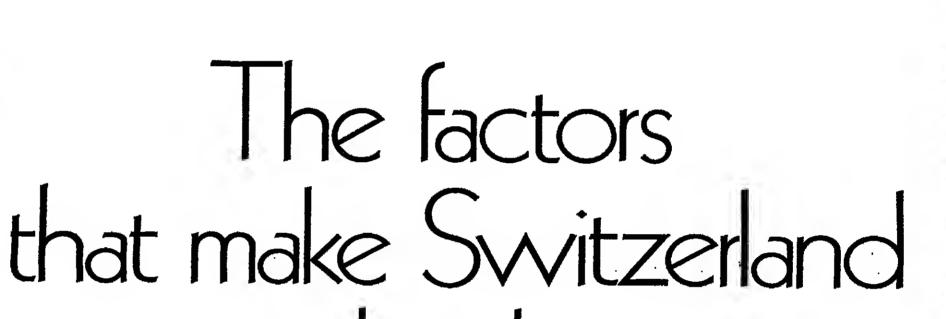
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The revision is, in fact, a challenge to the Cartel Com-mission, which wants the exchanges to scrap the agreement on brokerage fees and open up for free competition. The Government has to decide whether to enforce the commission's recommendations or to find a compromise. More bankers recently have

been adding their volces to demands for better information on the Swiss equities mar-ket, from both the exchanges and the listed companies - a piea that has come earlier mainly from foreign brokers and investors. At presect, trading volume figures ore published for only 12 blue-chip

stocks and they are not avail-able until the next day. Foreigners are no longer alone in criticising Swiss corporate reportiog standards. Some members of the Zurich exchange have suggested that, before they are listed, compa-nics should be made to comply with Enropean Community reporting standards. A few companies, notably Ciba-Geigy, the blg chemicals group, have started to move tentstively towards quarterly or companyean reports dialog or semi-annual reports, giving at least some indication of profit developmcots.

William Dullforce





What went wrong? Swiss shareholders watch stock prices tumble in a bank window display during October's mini crash

THE STOCK MARKET

Prices ignore good forecasts They have accepted that a fed-eral law governing trading in

Ity is planned for it to be able step by step to take on trading in other securities. Io Zurlch, the stock exchange board approved the project hy ooly 15 votes against 14. Critics challenge the cost, recalling that Soffex, the obstance antioner and

to co-operate - not least to facilitate the pertners' growth abroad The Swiss insurance indus-

The Swiss insurance number try's progress in other coun-tries is good not only for its shareholders but also for the national balance of payments. The Swiss Insurance Associa-tion (SVV) has calculated that the corresponding net contri-bution to the compart eccentribation to the current account surplus was some SF1.02bn in 1988 — very noticeably more than the SF7780m booked for the previous year. A possible boost for foreign

business is the insurance treaty which was signad between Switzerland and the European Community in Octo-ber. This agreement, the result of 13 years of negotiations, is expected to come into force in 1993. It means that Swiss nonlife insurers would be given the same establishment rights in the EC as companies with their headquarters in member. countries – and, of course, vice versa. The delay in enact-ing the agreement results from the necessity for a revision of aspects of Swiss insurance law before the Berne government can move to ratification. It remains to be seen

insurer, taking over a small parcel of SBC stock. CS Hold-ing, the parent company of Crédit Suisse, announced also last month - that it was setting up a life-assurance sub-sidiary to be known as CS Life. Elswhere, UBS has a 26 per cent share in the two-year old company National Life, while Geneva private banks are shareholders of La Genevoise. Among the insurers, Swiss Le took over almost half the capital of the German banking house Augsburger Akticnbank in 1988, while this year Winter-thur acquired a majority stake in its home-town bank Hypoth-ekar-und Handelsbank Winter-thur. also last month - that it was thur. All in all, a strong industry

has become even stronger. With earnings virtually sure to be up on the already high 1988 levels, Swiss insurance shares seem a good buy, even if their average yield is still little more that 1.5 per cent. Tha price-earnings ratio early this month was just over 12 and share prices, still some 9 per cent below the year's high, look like rising.

John Wicks **Foreign banks**

Continued from previous page

their Zurich or Geneva offices.

offices." Even for licensed banks however, the new regulations might cause considerable diffi-culties. Old rules governing the amount of exposure a bank can have to a single client might se intarpretad to include the underwriting business – bank-ers say it is an open ouestim. ers say it is an open question. ers say it is an open question. Strictly speaking, banks are allowed to have not more than 10 per cent of their capital accounted for by liabilities is a single client. In underwriting this might mean a SFr10m issue would need SFr10m api-talisation. No more than four banks are currently canitalised banks are currently capitalised to that extent.

The real point at issue is that, if Swiss banking authorities choose, they can make lie very difficult for the banks and for-eign banks will be the main eign banks will be the main casualties. The singe client rules, taken with rules about liquidity, add up to restrictions on straight commercial bank-ing activities. This has led some foreign bankers to suggest that the Banking Commission itself is giving out mixed

signals. Away from the difficulties

they experience in the market, it has to be acknowledged that foreign banks have made a remarkable contribution to Swiss banking. Foreigners invented the covered warrant, they gave the Swiss capital market its excellent access to Japanese borrowers, and they have led the market's attempts to diversify and innovate.

While they have more than a toe-hold in the securities busi-ness, foreign banks have weak-nesses. Nonura recently nesses. Nonura recently started a private banking divi-sion in an area where it con-siders it hay failed to benefit from its status as a bank. Mr Miyake is under no illusions. He says the private banking business will be a tough nut to crack, but finiks it is vital to convince investors that the

bank's commitment to the

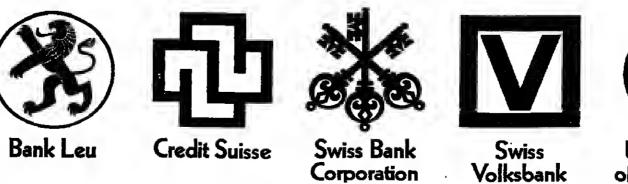
bank's commitment to the market is long-term. Another significant problem for the banks remains the great difficulties they face in recruiting and keeping trained staff. So tight is the Swiss labour market, and such is the need for local market exper-tise, that this is a continuing factor restraining their ability to grow ..

Andrew Freeman

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financial market





Union Bank of Switzerland

BS

SWISS BANKING 4

FOREIGN BONDS

yield curve seeo earlier in the Volumes low in a cheerless year year may have begun gradually to disappear as borrowers have realised that they will have to pay more for long-term

Unlike the Eurobond market, where grey market trading is almost entirely inter-professional, the Swiss market does involve end investors, e fact which complicates relations. On a wider level, bankers say

The Swiss franc capital market

Issuer nationality, January 1-November 3 1989

into the money markets, hut as soon as interest rates show signs of having topped out, Supranational 5%

they will rush to move their funds into bonds, both foreign and domestic. The danger is that this might push yields down hut, ooce equilibrium is reached, the bond markets will look much healthier. The list of bearish factors continoes with the continuing weakness of the Swiss franc, particulerly against the D-Mark, a shift which has added to interest rate end inflationary pressure and weakened demand from the private client base for Swiss freoc assets. lodeed, the US\$ bn decline of the franc accounts for around 10 per cent of the dollar decline in issuance cited

· ···

The steep inversion of the

turnaround horizon is at least

six months and probably more like nine months.

Analysts at Crédit Suisse

agree, and see an evectual pos-itive side to the inversion of

the vield curve, investors may

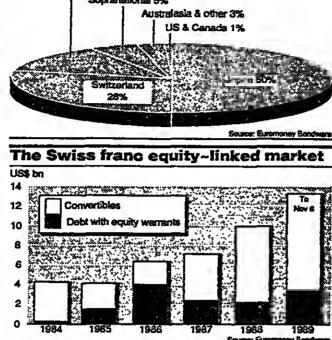
have been putting their funds

above. And it eode with the long-term structural weaknesses of the market, such as the chronic lack of liquidity, the turnover tax, and the vexed question of fixed underwriting syndicates and wider banking secrecy. Liquidity remains an endur-ing problem. On the primary

market, the involvement of the

big banks in the grey market has led to e battle among parfunds, hut bankers agree that the curve will flatten only slowly. Mr Wulkan says the ticipants. The hig banks feel that their prices are often abused by free-loaders who try to make a turn inside the screen level.

Western Europe-other 13%



the culture of bond investors remains a huy-and-hold culture that militates against liquidity. Throw in the hated turnover tax, and it is easy to see why this is the case. When the tax is abolished, as is likely next year, the bond market should see one of the biggest changes

in its history. The tough market conditions this year have favoured the banks in the Blg Syndicate, which has increased its market share to around 84 per cent of public deals and 65 per cent of private placements. The corresponding figures

last year were 71 per cent and 74 per cent, hut the epparent decline in private placements is deceptive because it includes the astonishing push hy Nomura into the convertible

WHO SAYS Swiss investors are conservative? Banks which have made huge profits can show you the evidence that supports the opposite claim they love gearing and specula-tion and, in the covered warrant, they eppear to have found the instrument they have heen looking for. The extraordinary growth of the product in 1989 is a development which has suited the banks, too - many of them have stayed in the Swiss market thanks mainly to covered

warrants. Covered warrants are a Swiss invention, thought up by Citicorp in 1985 when the first deals for Toyobo and Kobe Steel were launched. The instrument has found rapid application elsewhere, but its market is deepest and most established in Switzerland.

Simply, covered warrants are the liability side of an oper-ation where a lead manager purchases an equity position in some form, and issues Swiss franc warrants against that

The original logic for the instrument was compelling - retail investors were crying out for exposure to the Japanese equity market, but were unable or unwilling to participate in the professionally driven Loodon-based market for Japanese equity warrants. The covered warrant offered them the geared exposure they wanted in the small denomina tions they could afford. Compared with convertible

versial. Banks can use convert-ibles instead of equity war-rants. They can change the point at which they actually huy the dollar warrants, for example by waiting until the bonds, covered warrants usually had lower premiums, meaning investors could see the prospect of quicker Swiss franc warrants have

Gottardo

specialists

husiness. It was no surprise when recently the smaller Han-delsbank and Nordfinanz syn. dicates decided to merge in order to increase their chance of competing with the Big Syn-

When all factors are taken together, it is small wonder that the volume of straight bood issues has fallen sharply. If 1969 has not been the year of bonds, then it has been the year of equity-linked instru ments, and not just in Switzerland.

In the year to November 6, while the amount of the Swiss franc foreign bond market accounted for hy fixed-rate bonds declined from 1988's total of \$18bn to just over \$9bn, the equity-linked sector was asing from \$9bn in the inc

Within the equity linked market, convertible houds have been, perhaps, the surest source of income for the undersorte of include to the out-stripped their equity warrant counterparts. Equity warrant deals eccount for just over

\$14bn

\$3bn of the total to date. An analysis of issuer nation-ality for the whole Swiss bond market tells an interesting tale. Exactly 50 per cent of deals have been for Japanese horrowers, with just 28 per

whole of 1988 to just under

راديا الكارا الكار التدلية فكأتهم ومسكرة فاسترمني الورداد

and too ungenerously to an cent for Swiss names. Supranational . horrowers insecure investor base. have declined to just 5 per cent of all deals, a waning which some bankers think is easily explained. The explanation lies The convertible market has been the main heneficiary. growing in size and depth to the extent that Swiss bankers are convinced that its future is secure. "We don't feel threatpartly in the placement charac-teristics of the market, and ened hy the possibility of the convertible husiness going partly in the fact that the eupranationals have been most visible on the depressed back to Japan," says Mr Rudi Zehnder of Credit Suisse. straight bond market. Straight fixed-income deals

are generally placed in retail accounts and in the lead man-

year, some 7.5 per cent of all Swiss registered stock was cov-ering warrants, an indication of the huge success of the mar-ket. Some leeding stocks, including Ciba-Geigy and UBS, had over 10 per cent of their entire capitalisation in covered warrants.

Andrew Freeman

ager's nostro accounts. Many of them have been roundly criticised this year for failing to concede to the fragility of

the market, despite the fact

that in 1989, professional inves-tors have been largely absent,

encouraged into short-term instruments hy the inverted

medium or long maturities

they will huy are those of tri-

ple-AAA rated borrowers like the supranationals. But these

horrowers have epoiled their market hy coming too often

The only straight bonds of

yield curve.

Bankere have heen extremely coy when it comes to admitting how much money they make from covered war-rants, but they admit the profits from e successful deal can be considerable. A figure of up to SFrim on a single issue is thought to represent the big-gest profit ever made, but the typical figure is more like SF1200.000

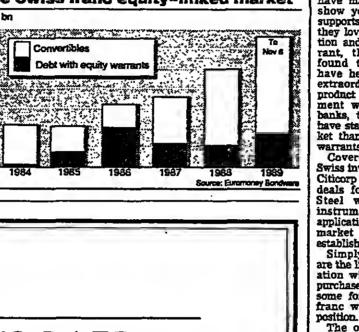
On both the domestic and international markets, bankers are finding ever more complicated ways to package war-rants. Already there are cov-ered warrants on an index or e basket of stocks designed to capture the performance of a particular industry sector.

On the international market there is a question hanging over the warrants exercisable into a backet of Jepanese stocks - are the issuers sure they can deliver the physical stocks if the warrants are exer-cised? Cynics suggest that the settlement infrastructure on covered warrants has been neglected, kept in the shadows by the more glamorous origina-tion side. If that is true, there may be a twist in the covered warrants tale.

Paradoxically, one of the banks which might have been most active in the covered war-rants market, Nomura, has stayed largely on the sidelines. It launched three deals in April this year, as if to lay down a marker that it could be in the business if it so chose hut. since then, has concentrated on its core business in convert-ible note issues.

The bank's president, Mr

ading financial centres, and



BANCA DEL GOTTARDO BANQUE DU GOTHARD GOTTHARD BANK





ASKED ABOUT the foreign keep their funds away from the fixed-income markets and in bond market this year. Mr Bo Holmberg, from Citicorp, has a money market instruments.

"It has been the worst year I can remember, and rotten hy any standards," he says.

Mr Arthnr Wulkan, from UBS, agrees that "1989 was not a hond year."

There has been little to give hankers cheer. According to Credit Suisse, the first 11 mooths of 1989 saw a sharp drop in the volums of oew Swiss franc foreign boods to SFr28.69bn, from SFr38.07bo in

the same period last year. According to UBS, measured in US dollar terms, total Swiss franc foreign issues dropped 36 per cent in the first six months of 1989, egainst e 30 per cent decline for the Deutsche Mark, 19 per cent for sterling and 16 per cent for the yen.

On the handful of occasions when the straight bond market opened for issuers, too many new issues flooded out and swamped a demand that was always fragile. Only the con-tinuing success of Japanese convertible issues has kept morale going. This year, by the end of November some SFr21.08hn of private place-ments had been launched on the foreign hood market, the vast majority of that accounted for hy Japanese coovertible bond

The list of factors depressing the market is a loog one. It starts with the economic performence of Switzerland, where full employment has been the most noticeable result of production constraints. A tight monetary policy by the Swiss National Bank has only kept the lid on inflation, and has meant the steady upward march of short-term interest rates, encouraging investors to

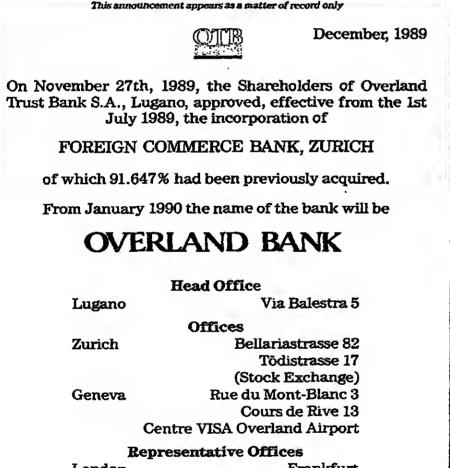
COVERED WARRANTS The ingenious

route to Japan already been launched. They can even decide to sell their dollar warrants altogether and plan to deliver any liabilities in returns. Another attraction was that covered warrants denominated in Swiss francs avoided the foreign exchange risk inherent in the purchase yen stock - a strategy which is rumoured to have cost some and sale of dollar warrants. Finally, they were tax-exempt hecause the Swiss authorities

banks large losses when the shares moved against them. did not recognize warrants as securities. Thus, investors bought a liquid instrument they could trade at no extra Some US hanks, notably Bankers Trust and Salomon Brothers, engage in the most controversial strategy, and bave made a epeciality of so-called dynamic hedging. The first dynamically hedged deal was issued by Bankers Trust in April this year when it launched 75,000 Swiss franc Creating the instruments is now a well-established process. Most covered warrants, for example, have been into Japa nese stocks. Usually, the lead

manager's cover in this case is a package of dollar-denomiwarrants into Merck, the US pharmaceuticals company. Here, the equity cover is nated equity warrants which is bought cheaply as a block in, say, the London market, and is partly or mostly synthetic, con-sisting of a mixture of shares and options in the underlying equity. The lead manager uses aggressive hedging techniques re-packaged with an increased premium and sold on as a sim-ple arbitrage. In these cases, the nature of the underlying or to run the cover, and counts on the costs of the bedging being covering securities is clearly disclosed by the lead manager. less than the profit generated by the sale of the covered war-But there are other ways of creating the equity cover, some of them risky, others contro-

This is more risky for the underwriting bank, but it is also more risky for the inves-tor, who has to make a credit decision about the bank writ-ing the options. In practice, no bank could afford not to meet its obligations if it wanted to remain credible, but the possibility is there. But covered warrants are



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Ŧ,

nis. One of the fastest-growing sectors has been covered warrants for Swiss equities, a Tetsuhiro Miyake, points ont that traditional husinesses still market created and developed by the small and innovative BZ carry very good margins, which is not the case in other Bank, founded in 1985 by Mr Martin Ebner. He had the simple realisation that Swiss regis tered shares, unavailable to non-Swiss investors, were says Nomura's resources are profitably occupied there. Mr greatly undervalued compared with their bearer counterparts.

not just international instru-

He persuaded clients with block holdings of registered shares to write options on their shares, options which were then sold to investors as covered warrants.

By the end of September this

Miyake also notes that Japa-nese banks have the most diffi-cult relationship task in winning the agreement of Japanese horrowers to allow covered warrants to be issued on their shares.

Andrew Freeman

DOMESTIC BONDS Small borrowers, higher margins

POOR fundamentals for domestic bonds were one of bankers say there are impor-tant construction projects to be announced in 1990. In general, two factors which made 1989 a year many bankers would like however, utility funding is set to remain static. to remain static. That has left the market more than usually reliant on the last group of borrowers, the state itself, and the cantons which make up the Confedera-tion. Unfortunately for the banks, the Confederation, which is currently cash-rich, has been reducing its debt, so new issues have been patchy. If has also been shifting its obligations lower down the yiald curve, putting more emphasis on short-term liabili-tes and seeking flexible money market funds. Some bankers pilvately criticise the Confed-tation for the naive way in which it has tapped the money markets, arguing its instru-ments have not performed as well as they should have. Whatever the case, the fect remains that in the short term, the Confederation is unlikely to return to the hond markets to forget. The other was the virtual absence from the domestic market of traditional

borrowers. There were some reasons to be cheerful

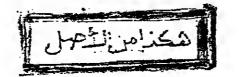
The market is now underpinned by the investment require-ments of the fest-growing Swiss pension funds and insti-tutional funds, which have to invest a certain percentage of their assets in domestic issues. And, despite poor conditions, new-issue volumes have held

Yet domestic corporate bor-rowers have been largely absent from the market this year, and are not expected to be active in 1990. Large corpo-rations are benefiting from the buoyant economy. Smaller companies do need

regular visits to the market to fund their growth, and leading banks expect steady calls for capital. The problem here is that investors are unwilling to accept straight debt from any hut the highest quality names, so small companies often have to pay large margins in order to borrow. The second traditional type

of borrower, the utility, has been e declining force on the domestic market. In the controversial electricity sector, for example, growing environmen-tal objections to naw power plants, particularly nuclear stations, has meant the calls for capital have been few and far between.

There will be some funding needs for modernisation of existing plants, and some



the Confederation is unlikely to return to the bond markets in any large way. Similarly, the cantons have generally had well balanced hudgets, meaning that their meetfor funds has been much less han usual. Not surprisless than usual. Not surpris-ingly yields on cantonal paper have dsen by a full point to aroun 6 per cent since the beginning of the year. The basence of all these bor-

rowers begs the question of who hasbeen tapping the market: the inswer is that most of the borriving has been done hy hank themselves. They have taken the opportunity to borrow chap funds and subor-dinated det, which they can profitably idenloy in lucrative money martet instruments. AF

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Pulse Code

Modulation

Adaptive Differential

Pulse Code Modulation (ADPCM)

Continuously Variable Slope Delta Modulation (CVSD)

Code Book Excited

RECALL

to happen the quality of the call would deteriorate. Every

time a call is switched through an exchange on the ordinary telephone network the quality

degrades slightly. This, com-bined with the lower quality voice that compression pro-

duces, Oftel says, could make the conversations indecipher-

Manufacturers acknowledge that in the early days of speech compression the sound repro-duction quality was poor, leav-ing the caller sounding like a

demented cartoon character

floundering on the seabed. But they say that techniques have

improved greatly and point to US advances as proof. They argue that the main concern of

the telephone companies is

Compression techniques

their revenue, not call quality,

have shown such rapid improvement due to two break-

throughs, says Scott Marshall, assistant vice president of Newbridge Networks. One in

electronics chips - digital sig-nal processors - and the other in software. Single chips, from

companies such as Texas

Instrumenta, Intel, Motorola or

Linear Predictive Coder (Celp)

The second second second second second

(PCM)

TECHNOLOGY

Della Bradshaw on voice compression techniques which save on telephone bills

out cutting back the number of phone calls as well?

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244

found the answer to this jug-gling trick - on some of their phone lines at least. They are using voice compression techniques to squeeze the conversations into as small a space as possible.

US commercial banking group Manufacturers Hanover Trust, for example, has installed equipment on a direct phone link between its London and New York offices which allows six employees to talk to their transatlantic peers using the capacity normally used for just one phone call. Although technologists have been kicking this idea of voice

compression around for years, the concept has now turned into a political football as much as a technological one.

In the UK, companies can only use compression on phone calls which travel over private lines between their own offices. Voice calls that have been compressed and theu stretched back into shape, are not allowed to pass into the public networks run by British Telecom and Mercury. The sit-uation is similar throughout Europe

In the US, however, companies are allowed to use compression techniques more freely. Take, say, a company with offices in Seattle and Miami, linked by a private tele-phone network. If an employee in Seattle wanted to call a sup-plier based in Miami, the call could travel along the private network as far as the Miami office and then finish its jour-ney on the local Bell network - for the cost of a local call. International companies, with offices in London and the US, are already taking advan-tage of the more liberal US rules to cut their phone bills. They are using speech com-pression on their own private transatlantic lines and then breaking out in the Bell public network at the US end. But they cannot do the same for calls destined for the UK.

Why not? If companies were allowed to use the same techniques with the national boundaries, or even across Europe, then they could substantially cut their international telephone bills. The UK telephone regulator, Oftel, argues that if this were

I must be what every about a way of slashing the company telephone bill by half. But the big ques-tion is, how do you do it withtom is, how do you do it with-art cutting back the number of home calls as well? Some companies have now build the answer to this inc.

Sampling frequency

8,000

8,000

32,000

8,000

3

INR STORE

AT&T, can now do more than a

handful of chips a few years

turn led to advances in soft-

ware algorithms, the compli-cated mathematical operations

used to squeeze unnecessary

information out of a digital sig-nal. "The algorithms weren't

too complex before because the

rate appreciably even if it is

the network - the 0s and 1s -come out at the other end," argues Trevor Sokall, manag-ing director of 3Net, of Bas-

Those in favour of voice

ssed.

equipment company.

That, saye Marshall, has in

Total bit

64.000

32,000

32,000

6,500 4,800

rate

Bits per sample

8

.

1

0.8 0.6

2

1 2 6 3 6 4

PAUSE

1

are happy to use compression when it is in their interests, but ban it when it is not

At the heart of the debate is the programme for the introduction of digital callular radio, which should come into service in 1991 in major Euro-pean cities. Included in the specification for the service is a technique for compressing the voice across the radio link - between the phone and the network base station - to enable the cellular radio opera-tors to squeeze more calls into the limited radio spectrum.

The radio compression sys-tem, developed by PKI, the radio division of Philips in Nuremberg, squashes each conversation into 13 kilobits per second (kb/s), about one fifth of the international stan-

dard for digital phone calls. As a result manufacturers believe the regulators will have to change their minds about compression. says Peter Schwarz, managing director of speech compression company Delphi Systems, of Salisbury. 'As it stands at the moment the regulations won't allow someone to make a call from a digital cellphone, which uses speech compression, to some-one on the ordinary network. So those rules will have to change. I think it's going be very difficult for the regulators to argue you can use this cellu-lar compression but you can't use voice compression like ours."

chips weren't complex." Manufacturers believe fur-Technical purists point out ther weight is being leant to their case for the introduction that the introduction of digital techniques in telephone net-works involves compression, of compression equipment by the rapid introduction of digianyway. That is because digi-tal signalling involves taking samples of the analogue voice tal private and public phone networks. That is because on a digital network, the quality of the voice call will not deterio-

wave at regular intervals. The question is, how frequently should the sample be taken and what length should it be in order to give a clear signal. For the ordinary tale-"In a completely digital world the digits that go into phone network the phone com-panies have decide to use a technique called pulse code modulation (PCM), which involves taking a voice snapingstoke, the networking shot 8,000 times per second, with each sample comprising eight bits (see chart). The techniques used by

compression equipment believe the telephone companies want the telephone companies want The techniques used by appeared on the technology the best of both worlds, and voice compression companies page on Friday December 15

Andrease and the second se second sec

squeeze the signals into a smaller bandwidth, but meth-ods of doing that vary widely. However, they all have one thing in common they are all referred to by acronyms guar-antred to make the technophobic break out in a cold sweat. They include: • ADPCM (adaptive differential pulse code modulation) -a development based on PCM.

It can send twice the number of phone calls as PCM because it only sends the part of the signal that changes - not the entire signal. • CVSD (continuously vari-

able slope delta modulation) takes more frequent samples of the speech - 32,000 a second but cuts the size of the sample down to from eight to one bit per sample. • LPD (linear predictive cod-

ers) work on the basis that during an ordinary conversation, the voice patterns vary only slightly. They therefore predict what the next chunk of sound will be, based on analysing the pattern of the recent informa-tion. One of the most advanced is the · Celp (code book excited lin-

ear predictive coder). This works by predicting what the next sounds will be, but then takes the difference - between what it predicted and the actual sound - and compares it to a code book, or library, of common errors. It selects the one which resembles the actual error most closely, and trans-mits an abbreviated code for this error pattern - rather than the error itself. As a

result speech can be squeezed into as little as 4.8kb/a. There is a whole flotilla of companies, particularly in North America, selling equip-ment which incorporates completely different approaches to the problem. They include Info-tron, Network Equipment Technologies (Net), and Repub-lic Telecom of the US and Newbridge Networks of Canada.

But even they acknowledge there are some drawbacks with speech compression. All com-pression involves time dalays - several milliseconds in some cases. That can involve echoing on the line, although elec-tronic echo cancellation units can be used to eliminate that. More important, putting all your phone calls down one line the technological equivalent of putting all your eggs in one basket. If there is a fault on the line, you can lose all your

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WORTH WATCHING Edited by

square inch

INTERNATIONAL Busine Machines is claiming a world

duced an experimental mag-netic computer disk that stores a billion bits of information per square lach of the

A billion bits, or s gigabit, is approximately equivalent to 100,000 double-spaced, typewritten pages - or a 33

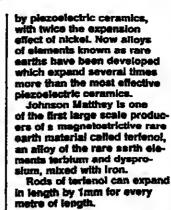
To achieve gigabit storage density, the IBM researchers combined s number of advanced components, includ-ing axperimental thio-film

recording heads and disks. The axperimental system recorded and read back data at a rete of 3.5 million bytes standard error correction newspapers before making a single mistake.

heated, but some metal alloys expand when placed in a magnetic field, writes Lynion Nichain.

The ability to control an increase in the length of these megnetostrictive materials at room temperatures can be exploited for industrial applications, such as in robotics where precise and very rapid movements or positioncalls, not just one. An article on video compression ing are required.

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Third party office services

HAVE you ever wished that someone else would be responsible for getting that vital tander document printed before the deadline? If so, the answer could be a facilities management, or

hand over the running of their

photocopying and printing. The Business Services Divi-

sion, in Uxbridge, will not be

than other means of doing the job. Instead, the company

will be emphasizing the qual-

while they were out of the office. But if your phone rings

To do that the callers have

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while you are not in the car

FM, contract - the sort of third party management ser-vices now widespread in everything from office cleaning to data processing. In January Rank Xerox will officially launch its FM divi-alon, specifically simed at companies which want to band over the running of their

feet high stack of paper. setting its wares on the grounds thet they are chesper

ity of the service, in particular 100 per cent "uptime" - evan If many of the regular staff come down with the latest per second with an error rate of only one in 10 trillion when flu bug. Mobile answering methods were employed. This is analogous to transcribing more than 10,000 years of machines **CAR** telephones were designed for people who wanted to receive their calls

Expanding metals

in magnetic fields

- in a business meeting for example - then you still miss the calls. MATERIALS expand when An electronic solution to that has been developed by s British company, C-Com International. Its cellular car-

phone - which can also be used as a transportable phone - keeps stock of up to ten numbers of in-coming callers, and displays them when the driver returns to his or her car.

Nickel was the first magne-tostrictive material followed to tap in their telephone num-ber when they hear a series

of bleeps. This can be done from most push button telephones. The phone records the number and the time the call was made.

To make the system easier to use, the manufacturers are planning to introduce a digi-tised voice facility - like an answering machine - early next year.

Place your order electronically

A GROUP of Independent French, German and Belgian music producers are develop ing a slectronic way of giving both distributors and music lovere access to music cataloquee.

The database of published music will be linked to shope and wholesalers to enable them to order records alectronically. And eventually the Musik network, being developed by GFI, of Paris, could be used by music lovers who want to phone up and listen to the record before placing an order.

Secrets of the rotting process

THE days of ships laden high with rubbian sailing the seas looking for a sits where they can dump the waste materials could be numbered.

Research is underway at the Argonne National Labora-tory into a technique for ensuring thet such rubbish decays more quickly, so that land!ill sites can be returned to other uses within 10 years. (In the US, refusa on some ites has not decayed compiately for up to 30 years.)

The secret to apeeding up the biological degradation is simple, according to Argonne. The answer is to circulate water through the landfills.

One by-product of the pro-cess is that as the refuse decays methane gas is pro-duced, which can be used to fuel boilers and electrical generators. Initial research done at Argonne suggests that it could be possible to control the amount of gas production by monitoring the smount of water circulated through the sites.

Contacts; ISM; US, 408 927 1080 Johnson Matthey; UK, 051 423 1166, Rank Xeros: UK, 0895 51139. C-Com; Lendon, 907 8713. GFI; France, 1 47 29 60 00. Argonne: US, 706 972 5580.

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record for a breakthrough in data storage technology, writes Louise Kehoe. The company's Almaden Research Laboratories, in San Jose, California, has pro-

disk surface.



COMMODITIES AND AGRICULTURE

in 1987 to only about 70 tonnes

Ins year. Mr Don Mackay-Coghill, managing director of GoldCorp Australia, the Western Austra-lian state-owned company which markets the Nngget,

suggests that demand will remain relatively depressed in

1990 at about 70 tonnes. Even if there was roaring inflation in

preclous metals market is much more sophisticated today

than in the 1970s. Investors

have access to a plethora of gold-backed paper instruments, gold passbook accounts and

other forms of securitisation of physical gold. "Many of these forms of precions metals

this year.

EC fishing curb plans under fire

By Tim Dickson in Brussels

MR MANUEL Marin, the European Community's Fish-eries Commissioner, was last night battling to find a compro-mise on EC catch limits for next year with bitter criticisms from Mr John Gummer, the UK Fisheries Minister, ringing in his ears.

The Commission's proposals for 1990 quotas involva deep cuts in the quantities which can be landed for several spe-cies, notably North sea haddock and cod, which are the lifeline for many English and Scottish fishermen.

The proposed reductions, justified on conservation grounds, follow similarly drastic cuts in 1989 which have already created a serious crisis in the UK's fishing indus-

try. Mr Gummer, who, like his Ministerial colleagues, was last night locked in talks with Mr Marin and the French Presidency of the EC, insisted that his conservation credentials were as good as any in the EC. But he said the Commission's decision to fix some Total Allowable Catches below the figures proposed by scientific experts was "outrageous." "They are far tougher than

the need for conservation demands." he declared. One of the chief targets of

his fury is the haddock TAC, where the Commission is pro-posing to give Britain about

IN SPITE of the recent surge in

the gold price, it will remain more profitable to mine base

metals than gold in 1990, pre-

dicts the Metals & Minarals Research Services consultancy

The MMRS team is among the few which is forecasting a

lower average gold price in

1990 than this year: \$363 a troy ounce compared with \$380. "Investment demand has

been largely absent in Europe and North America in 1989 and has remained only a marginal feature in recent price activity.

Lower prices may once again be needed in 1990 to absorb the surplus," MMRS states in a

review of prospects for 1990. Silver and platinum are also likely to average lower prices

next year than in 1989, the

organisations suggests. It fore-casts a 1990 average of \$475 an

ounce for platinum compared with \$510 this year and \$5 an

organisation.

Base metals 'to remain

By Kenneth Gooding, Mining Correspondent.

more profitable than gold'

in 1989.



Mr John Gummar: planned cuts "outrageous"

32,000 tonnes, compared with 54,000 tonnes last year. Mr Gummer admitted that the scientists had proposed a range of different figures but he insisted that this was below even the most pessimistic.

"Most pessimistic. "It doesn't help conservation to go down to these levels," he said. "What is needed is much better controls on things like mesh sizes and the number of discards (fish thrown hack dead into the sea)."

Britain was not alone last night in complaining about the package, with most of the member states with big fleets like Spain and West Germany voicing their criticisms in the early exchanges.

expected to return to the

depressed levels of the mid-1980s," according to Mr Step-

hen Briggs, one of the authors.

Tin is an exception because stocks are at a critically low

Downward pressure on the lead price will be limited by the need for stocks to be

rebuilt and MMRS suggests the

price will average 27.5 cents a Ib next year against 30 cents in

1989. The aluminium price is

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evel so the price is forecast to



'Superior

close to cracking point, grow-ers of macadamia nuts are rubbing their hands at the prospect of a productive and profitable future. Billed as The Superior Nut,

the macadamia was introduced to Malawi in the 1950s by an estate with connections in Anstralia, mother country of the golden hrown, marhle-sized nut. Now this small southern

African country, known for its tes and tobacco, is beginning to make a name for itself as a producer of macadamias, which producers say has an effectively unlimited market. From the duty free shop at

the international airport to major world food fairs and the sheives of leading supermar-kets in the UK, the neatly-packaged Malawian nut is selling well "we can't produce enough," said one estate man-

Hawaii had already developed into the world's largest producer of macadamias and it was after diversifying Mala-wian estates planted Hawaiian varieties that the country varieties that the country began developing into a seri-ous player in the world maca-damia league. With production of 152 tonnes this year, Malawi is now said to be the world third largest producer, but way behind Hawaii and Australia.

Anstralia. Careful scientific research, much of it carried out hy the UK's Tropical Products Insti-tute and funded by British aid, and a closely controlled indus-try, overseen by the parastatal Tree Nut Anthority, has ensured a quality product. Malawi exports mainly to the US and Britain, which together take about 120 tonnes. The European market Austral

tonnes. The European market is "very enthusiastic," one pro-ducer said. "Wa have to choose who we want to sell to,"

rise next year to an average of \$4.13 a lb compared with \$3.88 Given such a responsive market, production is set to rise rapidly. Output next year is forecast at about 200 tonnes The metals which have fur-thest to fall are nickel, foland is likely to continue to lowed by copper and zinc, says increase as more and more estates' plantations come into full production. "The future MMRS and suggests average London Metal Exchange spot prices next year will be \$3.50 a lb for nickel (down from \$6.05 looks very promising indeed," a producer said. this year); 95 cents a lb for copper (against \$1.29) and 57.5 cents a lb for zinc (76 cents).

Producers shat. Producers hope that the macadamia, with its distinc-tive flavour and soft, yet crunchy texture, will begin to displace some of the more tra-ditional edible kernels as consumers dust down their nut-crackers for Christmas.

unlikely to fall much lower LINE WAREHOUSE STOCKS

Adding value to an uncommon currency

Kenneth Gooding on a golden wedding between investment and numismatism

HE INTERNATIONAL tonnes of gold bullion coins or The INTERNATIONAL gold bullion coin market has run into serious dif-ficulties. Sales of the "big five" coins – the Royal Canadian Mint's Maple Leaf, the US Eagle, the Western Australian Nngget, Britain's Britannia and the South African Kruger-rand – baye slumped from tomes of goin minut could of roughly 9 per cent of total Aus-tralian gold output in that period. It has earned about A\$600m (£290m) in export sales, including a A\$50m pre-mium over the market value of the cents' gold content the coins' gold content. Although the timing of the rand - have slumped from representing 125 tonnes of gold

Nugget's launch at a time of relatively weak coin markets was unfortunate, GoldCorp is pleased with its reception - it has won a 15 per cent ohare of the world gold coin market.

"value for money" it repre-"value for money" it repre-sented because a premium over the gold price of only 3 per cent was charged — much less than on some competing prod-ucts, particularly in the US. "Now some investors are ques-tioning even that 3 per cent premium," he says. "So wa will give them the potential appre-clation associated with numis-matic coins in the premium for matic coins in the premium for

"Adding collectability to the investment appeal of bullion

determination to carve out for determination to carve out for itself nicbe markets in tha international gold husiness, the company has also started test-marketing jewellery, pieces ranging in price from A\$100 each to several thousand dulars. These are designed by dollars. These are designed by Mr Stuart Deviln, an Austra-lian born goldsmith and jewel-ler who also designed Gold-Corp's coins.

It is too early to know whether this will turn into a substantial business and Mr

Mackay-Coghill streasses: "We

have no intention of competing

head-on with Australian jewel-lers. All our designs incorpo-

rate our bullion coins." Mr Mackay-Coghill is also managing director of the par-ent group, the Gold Corpora-

tion, which was established in June last year by a merger of GoldCorp and the Western Australian Mint. Gold Corpora-

cial year. The group paid a

When in 1986 the Western Australian Government started

strong position in world mar-kets for value-added preciona metals products, it was proj-

ected it would take at least

three years from product

ment in lieu of income tax.

CEERTS!

PLAT

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profits have been achieved in two of the three financial years since the launch and in that tima GoldCorp has spent A\$20m on "market establish-ment costs, all financed from the senerated from the income generated from the coin programmes themselves. Last year the Perth Mint refined 102.69 tonnes of gold, the first time in its 90-year bisthe first time in its 30-year his-tary it had refined more than 100 tonnes. Mr Mackay-Coghill says the total this year will be between 130 and 140 tonnes. This is only possible because of a A\$12m investmant pro-gramme which has given the mint two new refineries in the nest year.

mint two new renteries in the past year. The first, at Kalgoorile in the centre of Australia's premier gold-producing region, has con-sistently worked at above its rated capacity since it was commissioned. The new Perth refinery, opened in October, will take the Mint's capacity to at least 250 toopnes a waar at least 250 tonnes a year, enough to deal not only with Australia's output hut also gold from Papua New Guinea, which is becoming a major pro-ducer, Saudia Arabia, Fiji, the Solomon Islands and New Zea-Isnd.

By moving refining away from the Perth Mint for the first time in its long history, room has been made way for the minting operations to be redeveloped on the site – fronted by an historic lime-stone building which contrasts dramatically with most of the new property on Perth's Hay

Street. Redeveloping the minting operations will cost another A\$6m. Mr Mackay-Coghill says that by its nature, the precious matals husiness is cyclical, constitution is interested as matals institutes is cyclical, especially in its investment ele-ments. Profitability in the refining business is marginal and largely dictated by the vol-ume of metals being offered for treatment. At the same time profitability of the export-ori-ented value-added programmes is largely dictated by the inter-national climate for precious metals investment.

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However: "We see ourselves continuing to add value to Australian gold," says Mr Mackay-Coghill. "We want to carve out a number of niche markets and to sustain a good, solid business relative to Aus-tralie's share of world gold production."

future annual issues, In line with GoldCorp's even. In the event, modest Nigeria says it will ban exports of raw cocoa beans

THE NIGERIAN Military non-oil export, earning about 8 Ruling Council, was speaking planned to cut out local mid-Government has banned the per cent of the country's for-export of raw coccoa beans with eign exchange in 1988. Ruling Council, was speaking planned to cut out local mid-Nigerlan Coccoa Research Instiper cent of the country's for-eign exchange in 1988. In October London trade

tute, the radio said. radio said, reports Reuter from house Gill and Duffus forecast

The Government is trying to harm if we sell it directly to early this year.

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19.06 19.17 19.60 20.00 20.22 20.35 20.35 20.35

183.2 182.3 182.3 182.9 182.9 183.5 184.2 184.6

234/2 239/0 243/4 247/4 246/4 246/4 252/0

412/0 410/4 388/0 358/4 389/6 374/0

77.57 75.67 74.45 71.65 70.45 70.65

\$3.00 49.25 46.15 48.45 48.72 47.80 43.65 45.40

81.40 51.00 51.75 61.75 40.90 0 0

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would be in the popular oneounce category. Only 300,000 ounces each of



The company has also intro-duced Holey Dollar and Dump silver coins and the platinum Koala so as to provide retailers with a full range of precious metals coins and thus help its gold coin sales. GoldCorp believes its platinum coin has more than half its particular market

market. The essential feature of the

new GoldCorp programme is thet an element of collectabil-ity will be added to the coins, which previously have been regarded almost exclusively as investment products. GoldCorp in future will offer new design on its gold and platinum coins every year. It will also mint only a limited number each year so that the coins can rea-sonably be expected to develop a numismatic or collectors premium in due course. And it

will launch the new designs in November every year to ensure that they are available for Christmas gift-giving and the Chinese New Year. Mr Mackay-Coghill recalls

that the Krugerrand's success was in part derived from the

coins through limited mintages and annual design changes is the boldest innovation in the bullion coin market since the mass-produced Krugerrand pioneered the market in 1970," says Mr Mackay-Coghill. After he visited hundreds of

outlets in Japan and the US to test retailers reaction to the proposals, it was decided to limit the 1990 issues to 500,000 troy ounces of gold coins, of which no more than 300,000

tion recently reported a maiden operating profit of A\$5.62m. The Mint contributed A\$1.874m and GoldCorp A\$838,000 in the 1988-89 finanthe platinum and sliver coins will be minted, of which only 150,000 each will be the statutory contribution of A\$4.128m to the State Governone-ounce types. This com-pares with the 268,500 ounces sold by GoldCorp in the past the Nugget programme under Mr Mackay-Coghill's direction with the aim of establishing a

"We won't shift from the lim-its we have set," Mr Mackay-Coghill insists, "no matter what temptation there might be." He admits, though, that the totals are hit-and-miss and might have to be altered for

With this in mind, GoldCorp Australia is making fundamen-tal changes to the way in which it markets its coins. GoldCorp was set up as part of the Western Australian Development Corporation as recently as October 1986. Since then it has exported about 25

investment carry lower premi-ums over the gold price than those applied to bullion coins. Consequently, it cannot be regarded as a foregone conclu-sion that a change in the overall investment climate for precious metals because of neutral or negative real interest rates and higher levels of inflation would automatically result in a return of bullion coin sales to

their former levels."

effect from next year, state

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ounce for suver against \$5.5	0. and next year is likely to aver-	(Curring a child meak suced her (Lucal)			reance the country's depen-		. The rough the main of the	
Meanwhila, MMRS sugge		lonnes						
that, after failing hy an av		Aluminium + 1,900 to 56,250			products by encouraging local			
age of 6 per cent in 1989, pri	ces Metals Analysis and Outlook,	Copper -7,300 to 108,575	only the export of processed	be ground locally.	processing.	ars' Congress. Ondo is the	ket. Dealers said the move was	:
of base metals might dech		Lead +1,800 to 24,925 Nickel +774 to 3,330	and semi-processed cocoa prod-	Vice-Admiral Aikhomn,	Earlier a Nigertan farm	country's main producing	potentially bullish but doubted	
by a further 20 per cent no	ext MMRS, 222 Strand, London	Zinc -425 to 65,600	ucts would be permitted.	Chief of General Staff and a	leader had said cocoa growers.	region	that Nigeria had the capacity	
year. "That said, prices are i	not WC2R 1BA	Tin - 120 to 8,445	Cocoa is Nigeria's largest	member of the Armed Forces	hit by low domestic prices.	Cocoa farmers partly blame	to process all its beans.	

LONDON MARKETS

COFFEE prices were in retreat yesterday, with the second position shedding £14 to close at £649 a tonne - a fresh 14-year low. The market is watching both the Brazillan elections and this week's meeting in Honduras of Central American producers, who are planning a withholding scheme for new-crop arabica coffee. On the buillon new-crop arabica conee. On the bullio market gold prices eased, although closing above tha day's lows, Dealars said gold should trada in a fairly tight ranga ahead of the Christmas break, but the picture could change if there was e breach of support at \$408 an ounce for the February contract on Comex. On the LME copper edged ahead following soma short-covering ganerated by concern over possible supply disruption through the Panama Canal and by a 7,900-tonne decline last week in LME warehouse stocks, traders said.

SPOT MARKETS					_
Crude oil (per berrei FOB)		+ or -	Rew	Close	٩
Dubel	\$16.95-7.05	+ 225	Mar	304.20	3
Econt Allend	\$10.40-0.45		May	304,60	3
W.T.I. (1 pm est)	\$21.63-1.66z		Aug	301.00	3
W.1.1. (1 pm west		10.00	Oct	294.80	2
Oil products			Dec	293.00	2
(NWE prompt delivery per b	onne CIF)	+ 01 -	Mar	260.20	3
Premium Gasoline	\$191-193		White	Close	P
Gas Oil	\$220-221	+8	Mar	378.50	37
Heavy Fuel Oli	\$112-114	-1	May	377.50	3
Naphtha	\$170-171	+1	Aug	306.50	3
Petroleum Argus Estimates	1		Oct	360.50	3
Other		+ 07 -	Dec	350.50	34
			Mer	350.50	3
Gold (per troy oz)	\$409.25	-3.00	Turnover	n Dawn	-
Silver (per troy oz)	555c	-8			2
Platinum (per troy oz)	\$505.75	-4.95	White 34		
Palladium (per troy cz)	\$137.25	-0.65	Paria- W		
Aluminium (free market)	\$1615	-10	2241, Au	a walitri	
Copper (US Producer)	106 s-112c		CRUDE	Ó7L – D	-
Lead (US Producer)	39.60			_	
Nickel (Iree market)	435c	+5		Clos	•
Tin (Kuala Lumpur market)		-0.10	Feb	19.3	,
Tin (New York)	319c	-3	Mar	18.91	
Zinc (US Prime Western)	754c		IPE Inde		
Cattle (live weight)†	111.77p	-4.97*	Tourse		
Sheep (dead weight)†	201.21p	-6.46	Tumover	: opra (
Pigs (live weight)†	CB.97 p	+3.32*	QAS QE	- 172	
London daily sugar (raw)	\$333.0t	+1.4		Close	P
London delly sugar (white)		+0.5	Jan	210.25	20
Tate and Lyle export price	£322.0	+ 0.5	Feb	193.00	11
Barley (English lead)	£116.5		Mar	179.50	17
Maize (US No. 3 yellow)	£131.0	+0.5	Apr	169.00	16
Whoot (US Dark Northern)	£132		May	164.00	16
			Jun	162.00	12
Rubber (spot) 9	55.250	+0.75			
Rubber (Jan)♥ Rubber (Feb)♥	57.750	+0.75	Tumover	3871 (7	60/
Rubber (KL RSS No 1 Jan)	68.75p	+0.75 +1			
		T	TEA		
Coconut oil (Philippines)6	\$440x			of 24,508	
Palm Oli (Malayalan)§	\$275	+ 15		g 4,800	
Copra (Philippines)5	\$280 £175z		Brokers	Aseoci	stic
Soyabeans (US) Gotton "A" index	£1762 77.90e	+3		demand	
Wooltops (64s Super)	77.9uc; 578p	+0.45		ration but	
	4140		The few	Bengla	des

E a tonne unless otherwise stated, p-pence/kg. o-cents/lb, r-ringgi/kg, y-Oct, x-Dec/Jan, t-Jan/ Fob, v-Fob/Mar, w-Fob, z-Jan tMeat Commis-sion average fastock prices. - change from a week ego. @London physical market. \$CIF Rot-

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LONDON STOCK EXCHANGE

Takeover news boosts equity market

The weak performance of UK equities over the previous two trading sessions was reversed yesterday as markets responded to a number of bullish developments, principally another spate of takeover action, confirmation of stake-building activity in the recent-ly-privatised water stocks and some encouraging news on the economy. In the background to these bullish developments was a flurry of activity said by dealers to have been associated with a number of programme trades.

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There were no signs of any enthusiasm in the market early on when technical problems with the Stock

Heavy buying of water

following the announcement by Lyonnaise UK that it had built up stakes in three of recently-floated companies. Lyonnaise, a subsidiary of French group Lyonnaise des Eaux, said it had bought 26.5m Anglian shares for a 9 per cent stake, 6.2m shares in Wesser for 6 per cent stake and 7.1m Severn Trent shares for a stake of two per cent. Lyonnaise said it made no application for shares in any of the water holdings companies via the

companies came as no surprise because of its interests in statntory water companies in sur-ntory water companies in holding was a surprise. There was disagreement among ana-lysts over why Lyonnaise had

indgment which Lyonnaise went into," said Mr Peter Hyde analyst at Kleinwort Benson; "my guess is that they have talked to all ten companies in last for womthe" last few months."

"There is an element of poker with Générale des Eaux which has 29 per cent stake in the South Staffs statutory water company in the Severn Trent area," said Robert Mill-er-Bakewell, water analyst at County NatWest WoodMac. Both companies have stakes

162p. Northumbrian, which

Account Dealing Dates *Finit Dealings: Nov 27 Dec 11 Dec 27 Option Declaratio Dec 21 Dec 7 Jan 11 Lost Dealloger Dec 8 Dec 22 Jan 12 Dec 18 Jan 8 Jan 22 New time dealings stary take place from 0.00 am two basiness days parties

Exchange's computerised dealing system prevented many dealers from trading. But when the computers were up and running, the action came fast and furious. The latest CBI sur-vey, which highlighted increas-ing UK export orders, was read as encouraging. Then came news of a £270m-plus offer for

VG Instruments from Fisons, financed mainly by a rights issue, and a counter bid for UK Paper from Fletcher Challenge, the New Zealand group, accom-panied by a market raid carried out on behalf of Fletcher by BZW.

1050

800

600

200

0

Turnover by volume (million)

400

Oct Nov Dec

market had not fully absorbed news released late last Friday of an increased counter offer for Hestair, the industrial group, from BET. No sooner had the bin stories emerged, than the French water company Lyonnaise des Eaux confirmed rumours in the City last week that it had built up singi-ficant shareholdings in three of the newly-privatised water

The 9 per cent stake in Anglian came as no surprise to specialists who had noted one securities house bidding for large lines of the shares, while the 6 per cent holding in Wessex was also not unexpected. However, the 2 per cent in Sev-Traders pointed out that the ern Trent was a shock to dealers who marked the sector sharply higher. The FT-SE 100-share index, opening 1.6 lower then rose

strongly to register an 18.2 gain at the day's best of 2,362.9, before easing off later in the day, partly upset by an uncer-tain US market, to end 13.8 higher at 2,358.5. One of the

companies, Anglian, Wessex day's features was an abnor-and Severn Trent. mally high number of big individual trades on the Seaq ticker as part of a series of programme trades. Specialists said that at least three programmes were carried out, with the biggest operated after lunch and said to have been mainly on the buy tack. A sec-ond trade in mid-afternoom was biased towards the financial sectors. Just before the official close some large blocks of shares moved through the ticker, including 7.7m Ferranti, 5.6m Next and 2.9m Sears. Programme activity gave a sub-stantial boost to turnover which totalled 524.4m com-

FINANCIAL TIMES STOCK INDICES Dec Year 12 Ago Dec Dec 148 t5 Dec 14 Dec 13 67.01 83.65 \$3.65 83.99 92.28 92.19 92.21 Fixed interest 92.25 92.27 96.05 Ordinary Share 864.5 1871.4 1434.6 315.2 Gold Mines 317.8 317.4 308.4 311.8 163.0 FT-SE 100 Share 2358.5 2388.2 2383.5 2344.7 2367.0 1770.5 Ont: Oiv. Yield Earning Yid %(tull) P/E Ratio(Net)(☆) 4.55 4.54 4.52 4.57 5.12 11, 15 10.65 11.14 10.87 11.08 11.01 12.95 9.31 11.19 10 82 SEAO Bargains(Spm) Equity Turnover(Sm)† Equity Bargains† Shares Traded (mi)† 32,978 1085.64 38,683 49,723 1816.40 18,604 831,53 25,538 39,212 1187,58 29,761 842.51 32,085 355.6 45,712 500.9 53,506 18,749 A 1.8 889.1 333.4 Ordinary Share Index, Hourty changes Day's High 1857.8 Day's Low 1850.5 Open 1850.6 1862.9 1865.6 12 p.m. 1864.8 1 p.m. 2 p.m. 1864.5 1865.1 3 p.m. 4 p.m. 1865 5 1866.1 Day's High 2362.9 Day's Low 2343.1 FT-SE, Hourly changes 1 p.m. 2360.1 2360.7 Open 10 a.m. 11 a.m. 12 p.m. 2343.1 2359.3 2362.9 2360 8 4 p.m. 2360.7 3 p.m. 2359.2 pared with Friday's 445.9m.

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Water issues moved up

not public offers sale. News of Lyonnaise holdings in those Anglian and Wesser

acquired the Severn stake. In many respects all the companies possess similar characteristics, it was a value

had been tipped as the most likely object of French atten-

Dealers said that buying of Hestair shares was dominated by arbitrageurs while BET's by arbitrageurs while BFT's weakness was the result of doubts over how well a person-nel services company might fit with anexisting, largely indus-trial businesses. There were also fears that BET might become involved in an auction with Adia, the Swiss personnel services group, which has bid 282p a share for Hestalr. Adia said yesterday it had received 0.3 per cent accentances for 1250 1200 1150 1100

0.3 per cent acceptances for that offer and was extending it until 3pm on January 5 1990.

Dealers favoured BET in the battle for control of Hestair, saying that it would succeed either with its current bid or a small increase up to a ceiling of 350p. Stores remained one of the

Stores remained one of the dullest apoits in a largely sprightly market. Favourites such as Marks & Spencer, a 'k easier at 199%p, and Ratners, a penny off at 246p, struggled to hold their ground. Even Dir-ons, the subject of a bid from Kingfisher, did not lure inves-tors areas from other formes tors away from other, firmer,

sectors. The shares closed a penny better at 133p while Kingfisher added 2 at 294p. Dealings in the sector were enlivened just before the close of business by large trades in Sears and Next, which ended with turnovers of 4.3m and 7m respectively. The share prices were unrufiled by the activity and finished unchanged at 103p and a penny better at 79p

respectively. Composite insurers put in a good performance, helped by a wire service article during the day. It said that the spate of chant bank Morgan Grenfell. "Marketmakers are going long in anticipation of the decision," merger activity among Eurosaid one dealer. Clearing banks slipped against the trend after several pean insurers was set to con-tinue into the 1990s with British companies among the likely targets. It quoted several UK analysts. Royal Insurance, weeks of outperforming the market, Barclays shed a penny to 5589, Nat West lost 2 to 3489 and Lloyds closed unchanged at 4359. The exception, Mid-land, was buoyed by a revival of speculation over what would become of the 14.9 tax cont in Bristol and there are already shenanigans around the the creation of the Three Valleys water company" in which both have stakes. Anglian closed 2 down at "Severn Trent rose 14 to "Severn Trent rose 14 to become of the 14.9 per cent stake in the bank held by Hongkong & Shanghai Bank. The possibility of it being used as the basis of a bid, either by spiring.

Cookson were sold in the day's programme trading and ended a penny cheaper at 257p on good volume for the stock of 1.8m. FT-A All-Share Index

Firm crude off prices were behind a generally better per-formance by off and gas stocks. Crude prices responded to the heavy weather in Northern Europe which some feared could have damaged North Sea A handful of the leaders

tended to be left behind - BP were down a couple of pence at 328p on persistent light selling. **Equity Shares Traded** A single trade of 2.3m was thought to have been part of a series of programme trades carried out in the market. Shell, heavily sold at the

back end of last week, moved up 2½ to 477p with dealers talking of a big buyer in the market, boosting overall turnover to more than 4m shares. Turnover in British Gas approached 8m shares and the price managed a minor

improvement at 225p. Burnah moved up 6 to 690p on turnover of less than half a Insurance brokers were quiet million shares with speculators buying the stock on the back of further stories that SHV, the with the exception of Willis Faber. The shares advanced 6 to 273p on steady turnover of 677,000 and with broker Hoare Govett aggressively on the hid. privately-owned Dutch group, may have been back into the There was a press suggestion US broker Johnson & Higgins might increase its 5 per cent market to add to their holding last revealed as around 9 per cent.

stake in the company. Some The exploration and producdealers also pointed to the likely approval next week of a tion stocks provided a handful of firm features. Enterprise share buy-back operation to be conducted by Willis with cash received for its stake in meradded 7 at 653p on 670,000 shares, on takeover specula-tion. LASMO, where a single trade of 744,000 shares was said to have been part of the pro-grammes trades that featured the market yesterday. LASMO closed 2% higher at 560%p with turnover coming out at

British Telecom climbed 2% to 290p on good volume of 8m. Business was also strong Cable & Wireless which closed 5 higher on 530p after 4.5m shares were traded. Both issues were reportedly boosted. by US buying. Other electron-ics frontliners moved ahead with the market. GEC rose 1 to 224p, Thorn EMI added 7 to 780p and Racal Electronic

climbed 5 to 244p. Fisons closed 5 higher st 340p following the news that it

saip inflowing the news that it had made a £270m recom-mended bid for VG Instru-ments which closed 16 down at 519p. BAT, which owns 69 per cent of VG and has approved the deal, rose 6 to 826p. "It was not a surprise because it is known that Fisons were bid-ding for Link Analytical when

higher at 469p. Berisford International, the food manufacturer, posted a small improvement in full-year profits to £107.3m which com-

pined with the stepping down of the chief executive to leave the shares 10 lower at 144p. Year-end profits down from \$11.8m to \$4.5m also hit food company Acatos and Hutch-Son. The shares slipped 12 efore recovering to 152p, only 8 lower on the day. The accom-panying chairman's statement said that the figures were

"extremely disappointing" but was optimistic on the current year's trading. Good volume of 4.5m in Asda included 1.2m in a programme trade. The shares added 2¼ at

107%p. Brewery stocks had a dull day with many of the leaders and second liners underperforming the market's rise. Second line brewers had a particularly difficult time, still labouring under the shadow of disappointing figures from Wolverhampton & Dudley and from Devenish last week. They ended 4 off at \$38p and a penny lower at 286p respectively. Greenall Whitley published full year results today (ana-lysts at BZW are forecasting \$52m in profits) and shed 2 to 358p.

Some brewery leaders were helped by being part of the day's programme trades. Deal-ers singled out Bass, 11 better at 1065p on turnover of 631,000 and Guinness, np 6 at 660p with 1.4m shares changing hands, as the main beneficia-Interim figures from Broms-

grove Industries, the acquisi-tive West Midlands engineering group, showed a 49 per

TRADING VOLUME IN MAJOR STOCKS Volume Closing Day a GCCs Price charge Alls Prov charge Coursevite Coursevite Dispery Dispery Eng Colleg Citinge Ferrando Ferrando Factor Case, Account Constant Liect Argyll Group Accordent .
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> cent improvement in profits, more than analysts' forecasts, and the shares firmed 5 to

123p Doctus, whose core business is management consultancy, revealed a full year profits rise of 83 per cent to 28.4m. The shares responded accordingly, jumping 12 to 107p. Stories of an imminent bld from the Continent for T & N pushed the shares 9 better to pushed the shares 9 better to 214p. "They're meant to be the first hig bid of the 1990s," said one dealer sceptically. British Airways was steady

ed on trading vok

as rest of the market rose, clos-ing a penny ahead at 221p. Market makers blamed profittaking in New York for BA's relatively poor showing. One observer said that the airline's performance was still encourheavy buying and selling from aging because following last France.

week's rise it was now holding steady at levels it bad not reached since October, 1987,

and was only ten points below its pre-crash high. Two volatile transport issues continued their erratic move-

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continued their erratic move-ments. Davies & Newman dropped 40 to 735p with volume as thin as usual. Eurotunnel added 22 to 545p following the release of a report by Maitre d'Oenvres which suggested that Eurotunnel will have its way on costs. The Maitre is an independent engineering con-sultanct responsible for supervising the construction con-tract and liaising between Eurotunnel and TML the contractors. One marketmaker said that even before the announcement there had been

"The Maitre has no not proved the force he was expec-ted to be," said Mr Matthew Stainer at County NatWest WoodMac. "Purely in isolation this is good news for Eurotunnel."

Mr Stainer said that more important was the decision by the inter-Governmental Com-mission (IGC) on the question of segregation of cars and pas-sengers in the tunnel which he expected this week and, more importantly, the outcome of negotiations between Eurotunnel, TML and the banks on funding which would probably be known in January.

 Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 18

Japanese Equity Warrants

tions, finished 3 better 161p. tions, finished 3 better 161p. North West 8 to 146, Southern 9 to 142, Thames 12 to 148, Welsh 10 to 152, York 9 to 157. The Package Unit added 90 to 1418p. Trading in water options, particularly the Pack-age Option, dominated the London traded options market.

BET falls

GRE

BET registered the worst performance among FT-SE 100 stocks in the wake of its announcement, made after the market closed on Friday, that it was making an agreed bid of £192m, or 325p a share, for Hes-tair. BET fell 18 to 256p while Hestair jumped 24 to 381p. Tumovers, at 4.5m and 1.3m respectively, were high.

Among lifes, Pradential stood out with strong turnover Hongkong & Shanghai or by a third party, was enough the push the shares to 377p. They subsided by the close to 375p, still 5 better on the day. Dealof 5.5m shares, although deal-ers said that if a 1.9m block which registered on the Seaq ticker during one of the day's programme trades were stripped out, the volume had ers were sanguine about the bid talk. "We'll get rumours not beenespecially high. The shares advanced 4 to 223p. every day until something hap-pens," said one.

NEW HIGHS AND LOWS FOR 1989

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Sinder, Victoria Carpet, TR (1) MINES (2) THIRD MARD

BTR moved up sharply in a finin market following favoura-ble comment in Sunday newspapers. The shares ended 12

Anown that Fischs were intr-ding for Link Analytical when that was bought by Oxford Instruments," said Mr Andrew Harrington of BZW. "The Link price was 15 times earnings, VG was taken out at 23 or 24 times carrings. Except paid a

APPOINTMENTS

Mr David Moll has joined PHOSYN CHEMICALS,

CAPITA SYSTEMS has appointed Mr Bay Wallace as divisional director.

Mr Peter D. Sutherland, chairman of Allied Irish Banks, has been appointed a non-executive director of THE BRITISH PRETROLEUM

the first woman in GRE to be promotad to such a senior post. She will continue as managing direc-tor of GRE Asset Management, the invest-

Asset management, the invest-ment arm, as well as being responsible for the property portfolio and trustee division. Sha joined the investment dependence in 1974 department in 1974.

B Mr Ian C. Watson has been appointed managing director of OKO TRADE INTERNATIONAL, a subsidiary of OKOBANK. He was with the APV Group.

Mr Christopher Hills has been appointed a director of BARING FUND MANAGERS, and will manage four UK unit trusis.

Mr John Robertshaw, York Trust, has been re elected a deputy chairman of FIMBRA, and Mr Ron Gee, R.E. Gee & Co, was elected a deputy chairman.

Pocklington, as sales and marketing director. He was with ABM Micro-feed Chemical

COMPANY from January 2.

Mr John East has been appointed group chief executive of THE GUIDEHOUSE GROUP, retaining overall responsibility for Guidebouse Securities. Mr Michael Jackson has been appointed managing director of the commercial division.

Mr Michael C. Clarke has joined the board of DAVY OFFSHORE as managing director (operations). He was managing director of Davy Mining, and remains a director of Davy McKee (Stockton).

Mr Nigel Davey has been appointed managing director of COLOROLL contracts division. He was at Heuga.

Mr Robin Hill, chairman of BRITISH GAS Scotland, succeeds Mr Howard Greenfield as chairman of British Gas North Western on January 1. Mr Greenfield becomes project director, regional organisation review, at British Gas HQ in London.

■ Ms Jane A. Pickering has been appointed managing director of DOREMUS PUBLIC RELATIONS, London, from January 2. Mr Peter Jones has been appointed retail managing director, and Mr Jonathan

Garvey building services managing director at NORTHERN ELECTRIC.

BANK OF AMERICA has appointed Dr Michael R. Smith as vice president in its project and export finance group. He joins from Lloyds Bank, where he was a capital markets group director in the project advisory services unit.

> Mr Richard Bourchier has joined JOHN WEST FOODS as chairman. He was senior marketing executive, Unilever frozen products co-ordination, Netherlands, and succeeds Mr Ron Walledge who is now chairman of Unilever New

> Zealand. HALIFAX INSURANCE CO. a Provident Financial Group subsidiary, has appointed Mr Chris Johnstone as managing director. He was finance

director. The FOREIGN BANKS AND SECURITIES HOUSES ASSOCIATION has elected as chairman Mr F.H. Brittain, general manager of Osterreichische Länderbank, London.

Dr Ashley Flett has been appointed a director of MARKETING DYNAMICS.

Mr Alastair Ross Goobey has been appointed to the main board of CHELTENHAM & GLOUCESTER BUILDING SOCIETY as a non-executive director. He is chief investment strategist at James Capel & Co.

■ Mr Ken Lewis has been appointed chief executive of LOVELLS CONFECTIONERY. He was chairman and chief executive of House of Clarks.

MTM has appointed Mr John Briggs as managing director of MTM Pharmaceuticals. He was managing director of the Sandbach division of MTM Speciality Chemicals.



Mr Tony Hortopp (above) has been appointed director of the financial systems operation of McDONNELL DOUGLAS INFORMATION SYSTEMS, based in the City of London.

Deutschmark Denominated Issues

Robert Fleming & Co. Limited, major market maker in the Japanese dollar warrant market, announce the commencement of market making in Japanese Deutschmark warrants.

Institutions should contact:

London: 01-628-2547 Andrew Baars, David Disbrey Tokyo: 3-508-0261 Cliff Benford, Andrew Kilpatrick Frankfurt: 069-550551 Peter Boos, Peer Marzi

> See Reuters pages FLWA-FLXI for dollar warrants and FLXJ-L for Deutschmark warrants.

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Robert Fleming & Co. Limited is a member of The Securities Association and The International Stock Exchange.

Investments chief at

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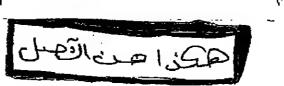
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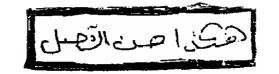
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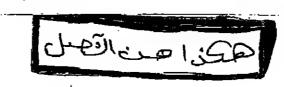
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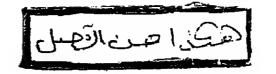
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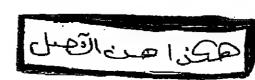
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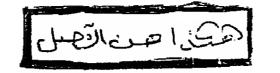
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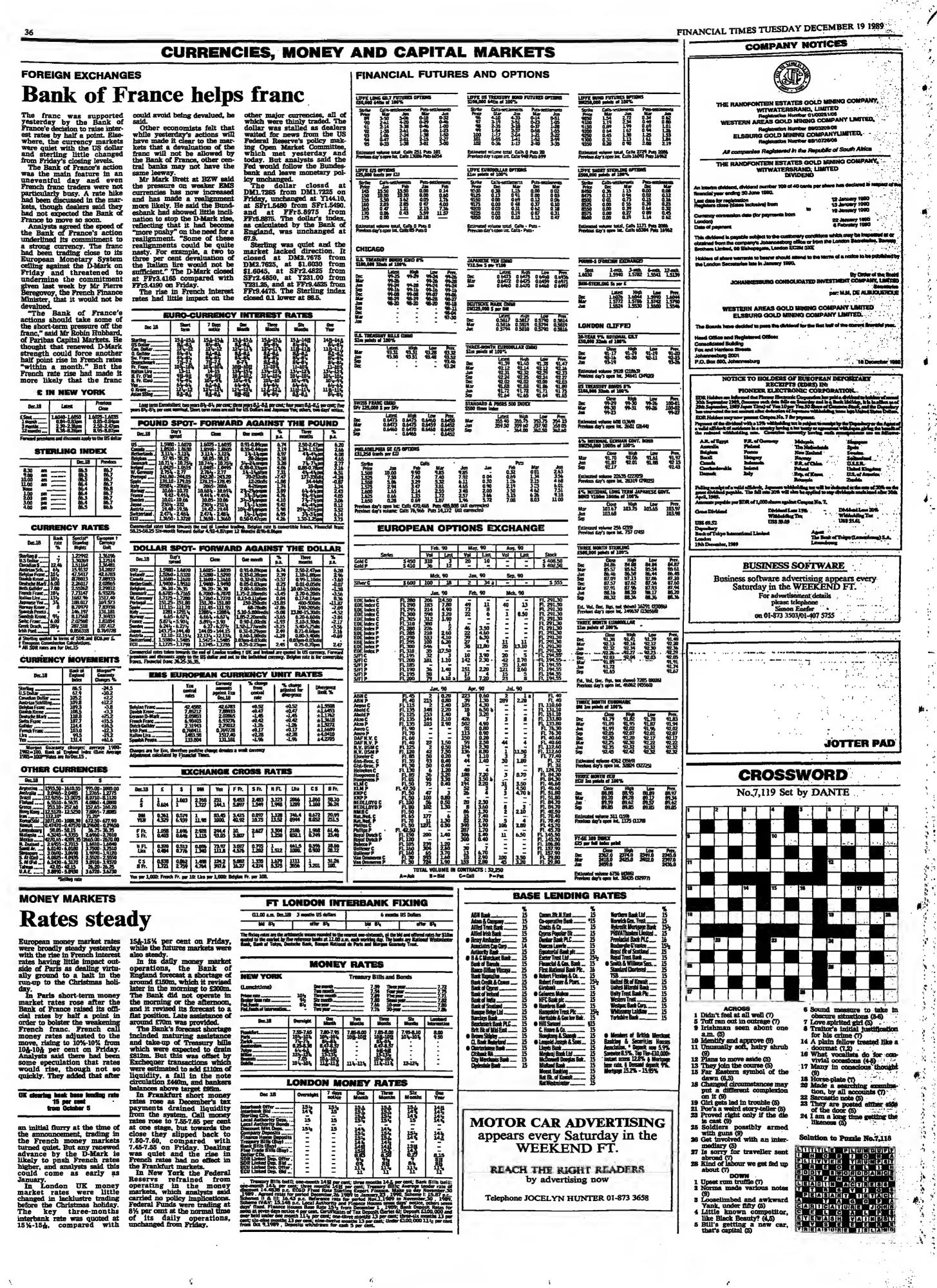
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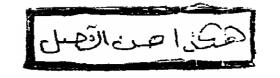
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	Arrest 5,200 -60 B.81 -107 3500 -50 Base Sci. 0,0, Lst. 15,500 -50 -50 Base Sci. 0,0, Lst. 15,600 -50 -500 Base Sci. 0,0, Lst. 15,600 -50 -500 Decar Sci. 5,700 -500 -500 Cohene Sci. 1198 -7 -600 Cohene Sci. 1198 -7 -600 Cohene Sci. 1198 -7 -100 Cohene Sci. 1300 -100 -100 GB Group Cone 1300 -120 -100 Cohene Sci. 4500 -100 <t< th=""><th>C46 313 Caparas 347 Caparas 347 Cardi Functor Fr 1249 Cardi Functor Fr 1217 Danast 4050 Didds de Feiner 5150 Dautes S.A 5150 Dautes S.A 5150 Bance C.C. 5150 Dautes S.A 5150 Eco 521 Eco 521 Eco 522 Deccentrative 502 Eco 522 Deccentrative 502 Eco 522 Deccentrative 502 Eco 3020 Estime 3020 Estime 2401 Estime 1020 Estime 3020 Estime 3020 Estime 4300 Estime 4300 Estime 4300 Estime 4300 Estime 4300 Estrestine 4300</th><th>104 105 117 143 Fedinasik Rute 325 325 143 Gereziekar 307 1468 127 Geleziekar 307 1468 127 Geleziekar 307 1468 128 Rates Uspt 312 131 132 Hentis 1280 20 1280 20 Hentis 555 -2 15 100 Hottid 78 227 -1 100 Hottid 78 -2 14 11 Noctid -2 227 4 -1 Noctid -2 1075 +3 5 Rotes 315 -2 13 100 Noctid 255 +3 5 14 Rotes 315 -2 14 14 Noctid 254 +3 -2 14 Rotes 334 -2 -2 14 <td< th=""><th>Boarsmij Weby 112 50 +25 Buetyman-te </th><th>SWITT22ERLAND December 15 Fra. + er - Adia teil</th><th>6 10279 Bit Materil 2335 234 254</th><th>13:11 NG CABE \$25% 22% 22% 2% 4 8 625318 Nor 764 537% 18% 26% 4 </th></td<></th></t<>	C46 313 Caparas 347 Caparas 347 Cardi Functor Fr 1249 Cardi Functor Fr 1217 Danast 4050 Didds de Feiner 5150 Dautes S.A 5150 Dautes S.A 5150 Bance C.C. 5150 Dautes S.A 5150 Eco 521 Eco 521 Eco 522 Deccentrative 502 Eco 522 Deccentrative 502 Eco 522 Deccentrative 502 Eco 3020 Estime 3020 Estime 2401 Estime 1020 Estime 3020 Estime 3020 Estime 4300 Estime 4300 Estime 4300 Estime 4300 Estime 4300 Estrestine 4300	104 105 117 143 Fedinasik Rute 325 325 143 Gereziekar 307 1468 127 Geleziekar 307 1468 127 Geleziekar 307 1468 128 Rates Uspt 312 131 132 Hentis 1280 20 1280 20 Hentis 555 -2 15 100 Hottid 78 227 -1 100 Hottid 78 -2 14 11 Noctid -2 227 4 -1 Noctid -2 1075 +3 5 Rotes 315 -2 13 100 Noctid 255 +3 5 14 Rotes 315 -2 14 14 Noctid 254 +3 -2 14 Rotes 334 -2 -2 14 <td< th=""><th>Boarsmij Weby 112 50 +25 Buetyman-te </th><th>SWITT22ERLAND December 15 Fra. + er - Adia teil</th><th>6 10279 Bit Materil 2335 234 254</th><th>13:11 NG CABE \$25% 22% 22% 2% 4 8 625318 Nor 764 537% 18% 26% 4 </th></td<>	Boarsmij Weby 112 50 +25 Buetyman-te	SWITT22ERLAND December 15 Fra. + er - Adia teil	6 10279 Bit Materil 2335 234 254	13:11 NG CABE \$25% 22% 22% 2% 4 8 625318 Nor 764 537% 18% 26% 4
And the second sec	Idea Idea -20 Da AFV1 3440 -3 Da AFV1 3440 -3 Bradechast 4500 -3 Da AFV1 3440 -3 Da AFV1 3450 -3 Da AFV1 3210 -3 Partodings 13,900 -50 Da AFV1 3210 -10 Baffmark Tare 3210 -10 Brank heige 3210 -10 Da AFV1 400 -50 Da AFV2 4100 -50 Da AFV2 4100 -10 Six Eas Beigs 3,420 +115 Six Eas Beigs 3,420 +300 Safine 3,420 +300	2000 Letterfulan 90 14 Samatarite 4,350 -20 2017 1960 -35 Flanctie 209.5 -35 Flanctie 1170 -34 Grangeries 1170 -34 Gaugeries 1170 -35 Factores 1170 -35 Gaugeries 1170 -36 Gaugeries 1130 +12 Gaugeries 11367 +27 Rauss 11357 +2 Intractics 337 -9 Rauss 11357 +2 Intractics 337 -9 Rauss 11357 +2 Intractics 3367 -9 Intractics 3367 -30 Interferind 346 -30	KD 211 +6 Kbocker Werke 1377 5-26 Koraft Wirke Rit 325 +5 Labaser 1375 +20 Labaser 45 +5 Labaser 455 +62 Labaser 455 +62 Labaser 1975 +20 Labaser 456 +4 Labaser 1975 +62 Do K/V Perl 1160 +3 Mannehame 5275 +5 Mannehame 523 or +3 Winder 523 or +3 Winder 523 or +3 Winder 523 or +3 Winder 523 or +4 Winder 1314 404 PWA 525 +4	Roberto 45.00 40.1 Roberto 60.80 40.1 Roberto 105.90 -0.2 Roberto 105.90 -0.2 Roberto 195.50 -0.3 Dateto 145.50 -0.3 Dateto 145.50 -0.4 VAIF Stort -42.90 -0.4 VAIF 100.20 +1.5	Do. Pig. Certs	35000 Calling South Sett 21 2	6 LXDD Nummero W 815% 65% 85%
	Do. AFV 10,100 Tractbel 9,200 Do. AFV1 9,200 Do. AFV2 9,200 Do. AFV2 9,200 Do. AFV2 9,200 Do. AFV1 9,200 Do. AFV2 2,500 Do. AFV1 2,500 Do. AFV1 2,500 Do. AFV1 2,500 Vapors Lis 6,520 Do. AFV 7,590 Do. AFV 17,590 Do. AFV 17,590	Mations Picelia 243 78 -0.6 Mations Picelia 78 -0.6 -0.6 Matro S.A. 402.8 -72 -0.6 Matro S.A. 402.8 -72 -72 Methics Cerin 4.970 +45 -16 Mitol (Cole) 1.345 -1 -10 Mitol (Cole) 1.345 -1 -10 Morelias Caler 1630 -10 -10 Margine Mithet 1.910 -10 -10 Margines 314.6 +8.6 -16.5 Participerions 2.644 -10.5 -10.5 Participerions 1.690 -10 -10	Pressel 392 -7.5 Beioriketa 1850 -5 Beioriketa 187.5 +2 Da Pref. 123 -2.5 Bainaristil Bert 20 -2.5 Da Pref. 251 +2 Bainaristil Bert 76.5 -1.5 Schneing -1.734.5 -1.5 Schneing -1.64 +3.8 Schneing -2.6 -1.5 Schneing -2.6 -1.5 Schneing -2.6 -1.5 Schneing -1.6 -1.5 Schneing -1.6 -1.2 Sarloger Vij B -1.2 -1.5 Veta -2.5 -1.5 Veta -2.5 -1.5 Veta -2.6 -1.2 Veta -2.5 -1.5 Veta -2.5 -1.3 Veta -1.3 -1.2 Veta -1.3 -1.2 Veta -1.3 -1.3 -	WORD'S Kalmer	Do. (PICts)	$\begin{array}{c} T4500 Contained 5 $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $ $	Start House start Start Start
ծեր առաջ Համ եր Հատ բոնց հնգել Դուն համ եռույ ուն Գուուգը, հանց	Baltics Hidgs 790.8- -42. Carkberg 1.500 +6 Cop Mandebbaat 282.7 -1 Dardsza 955.3 +0.4 Den Dareke Bask 360 -2.9 East Acialic 286.6 +3.5 FLS indu 8 -27.5 +1 GM Grask Martic 770 -6.6	Progent SA 622 -12 Poliet 622 -14 Pretabali Siconal 1155 Printemps Au 710 -1	Write-Weit 416 43 Visp 130 45 Volganges 496 +1 Do. Pref. 416	Hora Indegreer 280.00 -5 Horst Data S 28.00 +1 Norsk Hydro 164.00 -1 Ordta Borreguard 465.0 - Storebrand 95.00 -	Da. Pag 695 -13 Zarich izs 5025 -65 Da. Pag 1,955 -90		
1. A A A A A A A A A A A A A A A A A A A	East Asiable 286.6 +3.5 FLS lads. 8 725- +1 GN Great North 790 -6.6 LS.S. 8 Systems 1874.8 +18.8 Jysize Bank 1449.7 +4.5	Promoties 4,410 -140 Radiotects 556 -19 Reference 3,590 -10 Ribours-Prad (02) 455 -55 Rosset-Utdat 2,140 -59 Skitt -4831 -1	Zanders Feinfper 350 140.5	SPAIN	SOUTH AFRICA	NEW YORK	NDICES
	Nordisk Kabel 504_L +3.4	Sagen	ITALY December 18 Line + or Banca Coarle[4.970] 1+5	Benco Bilinao Viz 786 Banco Belerio 622 Banco Enterior 622 Banco Bilinano 787	December 2.6 Rand + or - Abgross 135	DOW JONES Dec Dec Dec 1988 Since compli	18 10 14 13 HIGH LOW
- 1-+ ·	Novo Nordisk 337.8 -2.9 Prisalizanize 301.9 -2.5 Royal Chages A 995.5 +12.2 Sophor Beronden 1250 +15.5 Somotos 15,476 +84.7	Sangen 1,570 -2 Subchain -634 -6 Subchain 1,552 -8 Subchain 1,572 -8 Subchain 1,070 +10 Schweider -940 -2 Schuster 1,005 -12 Schuster -500 -12	Baara Maz Agric	Banco Popular 1,828 -6 Banco Sentamber 787 +12	Attled 1ech	Nome Bands 93.47 93.37 93.45 93.45 94.15 87.35	All Mining (17/200) 819 5 811 0 812 0 813 B 875 1 (29/8) 652 6 (7/4) Austrikia Austrikia Austrikia Austrikia 20/12/84) 460.46 461.45 515 09 (1)/100 219 5 (2/1)
1. C.	FINLAND December 18 Mia + sr-	Sellaco 606 =2	Carrently 1.320 +32	Cinvest Rispinia	Bottels	Transport 1140.80 1170.70 1185.63 2203.41 1552.01 997.95 1532.01 123 Ukilities 233.65 235.98 234.46 233.46 235.96 101 65/93.99 80 Ukilities 233.65 235.98 234.46 233.46 215.98 101.124 245.96 10	320 Brinstein SE (1/2/800 6349:29 6398:88 6420.37 6443.28 6805:28 (26/9) 5519:30 (4/1) 50 DENMARK
are	Amer 253.5 - 0.5 Coltor 92 +1.8 Engo-Gatzeit A 20.6 - 0.25 Engo-Gatzeit R 20.6 - 0.95	Surauer-Alfibert 2610 40 Sole-Bathgeolles 739 -4 Suez (Fin del 435 -1 Tattinger 4,250 490	Cipilebiti 4,990 +157 Colide 4,850 +70 Creitho Balliano 2,861 -9 Davieti 9,400 -60 Erklanda 7,800 +10	Ebro	Declarazi Gold 18.7525 Defensation 57.750.75 East Rand Gold 2005 Ebandratal Gold 3505	40x/3 High 275555 (2763.63) Long 2679.82 (27	13.927 Feasilian and 19751 612.6 614.3 616.0 617.5 815.8 (16.94) 560.8 (23/11)
	Hight 200abl 1 Free 186 5 1 1-1 75	Total-Petroles Fr	Darkell	Esp Carbinos Mit	De Berr 64,9 -11 De Berr 64,9 -12 Derbertzal Gold 12,7,7 -0,75 East Rand Gold 20 40,5 Einderkand Gold 23 40,5 Fres State Dank Gold 24,5 40,5 Gold Fleide SA 108 +1,5 Bartendez 23,475 -0,5 Highrid Steel 14,6 -0,15 Kartos Gold -75,5 -0,4 Kloof Gold 9,5 -0,22	Composite \$ 343.69 350.14 250.93 352.75 359.80 275 31 399.80 4 19/140 C/121 (9/10/89) C/1 Industrials 393.60 399.80 400.56 403.07 410.49 310.66 40.047 3	CAC General (31/12/82) 541.6 546.1 546.8 551.8 551.6 (31/10) 417.9 (4/1) 2 Int. Tentance(30/12/88) 123.1 126.1 126.7 128.1 (30/10) 97.5 (27/2)
STOP IN USE	Hahtamatik k Free 172 +1 K09 48 -3.25 Kose 520 -10 Kymenenz 97 +0.75 Rotiz 104 -1.5 Pohjola B' 60 -0.25	United learned Fr 900 +8 United learned Fr 805 +12 Vallow fr 835 -5 Vallowrit 456 -2,8	Fondiaria	Exp Acata Trator 301	Highwid Stort 14.6 -0.15 Kanos Gald 75.5 -0.4 Koof Gald 49.5 -0.25 Libuton Gold 9.5 -0.2	Financial 29.53 30.90 51.37 31.57 35.24 24.30 35.24 B 19/100 C/11 (9/10/97) 0/1 19/100 C/11 (9/10/97) 0/1	Fa2 Atties G1/12/580 686.12 684.25 685.73 485.57 700.14 (71.12) 515 78 (27/2) Conterchast G1/12/580 2024.4 2019.1 2020.9 2024.0 2084.0 <td< th=""></td<>
ent vizas Service Nich	Policial W 90 -0.25 Bannas-Repoin \$2.5 - +0.25 -0.25 Starbanas Repoint \$109 -1.3 Starbanas B \$199 -1.3 BdFC \$211 -0.15 BdFC \$102 -1.3 WartSife kill \$102 -1.3 WartSife kill \$102 -1.3	GERMANY	UFI Priz	Kolise 405 Metal Duro-Felg 300 Petrokes tičk Espl 405 Portbod Valit 420 Petroka Valit 507	Mater Hidgs 1925 Hector 11.45 +0.05	MYSE Composite 190.17 193.45 193.97 195.01 199.34 154.90 199.34 4 191.00 CV(1) (97.0899 125) Amer. Mik. Value 370.86 375.50 376.82 378.05 397.03 305.24 397.03 25 CUVID (37.03 305.24 397.03 25	6 (42) HONG KONG Hang Seng Bank (31/7/64) 2900.21 2896.57 2876.75 2851.84 3809.64 (15/5) 2093.61 (5/6)
•	Und. Paper Pri	Becember 18 Dm. + ter -	Italgas 2.927 425 Lioyd Adriatico 17.195 -3 Magneti Marrelli 2.137 448 Mediobanca 38.400 415 Microbanca 63.100 1210	SNUACE 172 +0.6 Sorrio 322 +3 Sarrio 520 527 Seviliant Elec. 125.6 -0.6 Tabacalera 784 +9	Rembrandt	RASDAQ Composite 436.03 443.84 447.48 45L14 485.13 378.56 485.13 54 19/100 G/11 (9/10) 63/11 (9/10)(9/	87 1723 TFALY Bara Cone, tal. (1972) 679.59 680 40 675 66 664.04 734.84 (31/8) 577 49 (26/2)
	FRANCE Occumber 1.8 Fis. + er - Accor 1990 - 1-35	Anchemer Minerich	Wedlobarta 132.400 +115 Mira-Lanza 63.100 +210 Nonretilsos	Seminar Elec. 126.6 +0.6 Tabacalera 128.4 +9 Telefonica 128.4 -0.6 Tarzs Grapo -0.6 Mator Elec-Fea,	Sarg Holdings	Dec 12 Dec 8 Dec 1 year ago (appr Dow industria) Dw. Yield 3,89 3,90 3.67 3.73 Dec 13 Dec 6 Nov 29 year ago (appr	Nikhel (16/5/499) 38586.18 38271.04 38080.70 38062.42 38586.18 (18/12) 30183 79 (5/1) Totyo SE (Topb) 14/1/680 3894.50 2874.56 2871.90 2878.46 2884.80 (18/12) 2366.91 (6/1)
· · · · · · · · · · · · · · · · · · ·	Afrigae Occides	Do. Prf	Risscente [2	Union yel Freit,	Toero Dats 24.75 Toeroat Rufett 16.75 Waa Reets 431 Western Deep 193.5	Dec 13 Dec 6 Nov 20 year ago (appr S & P Indistrial dir, yield 2.90 2.92 2.96 3.15 S & P Indistrial dir, yield 14.92 14.82 14.59 12.86	Active Constraint Constraint<
	JAPAN				AUSTRALIA (continued)	NEW YORK ACTIVE STOCKS TRADING ACTIVITY Stocks Closing Change † Volume Millions	CLS AN STI ULL FOR THE AND THE
	December 18 Yes + sr -	December 18 Yes + &r - Japas Rafio		December 18 Yen + or Takara Shuza 1,150 +10 Takashinya 3,600 -50 Takuta -2,310 -10	December 26 Aust5 + or - Mild	Monday traded price on day Dec 18 Dec 15 De Bank ef N. Eng. 3,489,600 712 - 114 New York 184.750 240,390 1	14 Manila Camp (2/1/85) 977.44 2002.81 2062.54 1183.28 1996.26 (20/11) 694.62 (6/3) 8.700 SUNGAPORE
	Alleomoto Alarinono Brake 3116 +20 All Alipone Air 2120 -10 Atps Electric 1.990 +10 Angula 2130 +20 Angula 2130 -120	Jap S Battery 1300 +10 Japan Woot 2,750 +190 Japan Woot 2,750 +190 Julo Paper 1390	Hilds Sec 1,980 140 Hilds Corp. 1,510 +10 Nippon Deata 1,220 +20 Sippon Deata 1,220 +20 Nippon Deata 1,260 -10 Nippon Deata 2,460 -10 Nippon Deata 3,600 -20	Tatashinuya 3,600 -50 Tatashi 2,310 -10 Tanahe Schyllor 1,790 +10 Telkolor 955	McPhersons 1.01 Mayner Nickless 6.54 40.08 Nat. Anst. Bank 6.94 40.1 Nat. Generalistated 3.53	Am T & T 2,349,400 46 - 4 NASDAQ (m) 144,387 1	4.497 Straits holes and Califization 1460.02 1468.56 1464.78 1464.29 1468.56 (15/12) 1050.69 (4)11 4.263 BOUTH AFRICA 2003 JSE belicstriai (28/9/78) 2213.04 2220.0 2180.0 2221.0 2254.6 (12/12) 1291.0 (15/2) 519 JSE belicstriai (28/9/78) 2807.04 2809.0 2811.0 2819.9 2858.6 (25/8) 1961.6 (3/1)

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JOTTE WORD	Asiano 2150 -30 Asiano 2270 -30 Asti Carn 1550 -10 Asti Carn 1550 -20 Asti Carn 1550 -20 Asti Carn 1550 -20 Asti Carn 1550 -70 Asti Carn 1300 -700 Asti Carn 1200 -700 Asti Chenkala 2270 +20 Asti Chenkala 2270 +20 Asti Chenkala 270 +20 Asti Chenkala 270 +20 Asti Chenkala 270 +20 Asti Gone 1,570 -10 Asti Scone 1,670 -10 Britherind 1,670 -10 Britherind 1,670 -10 Chitherind 1,670 -20 Chitherind 1,670 -20 Chitherind 1,670 -20 Chitherind 1,670 -20 Chitherind 1,670 <th>Ameso 700 710<!--</th--><th>Hitpon Sanon 1,400 +10 Mitpon Schop 1,400 -16 Nippon Sharpa 1,770 +30 Mitpon Sharpa 1,770 +30 Mitpon Sharpa 1,770 +30 Mitpon Sharpa 1,770 +30 Mitpon Sharpa 1,290 +30 Mitpon Sharpa 1,290 +30 Mitpon State 1,220 -40</th><th>Total Carbon 1.240 +10 Total Carbon 1.270 +10 Total Silver 2.280 -10 Total Silver 2.280 -10 Total Silver 3.090 430 Total Carbon 3.360 -20 Total Extrict Par 3.360 -20 Total Static Par 3.360 -20 Total Static Par 2.360 -20 Total Static Par 2.360 -20 Total Static Par 2.560 -20 Total Sta</th><th>Bers Auto 313.60 -0.25 Biger Rill Peta 2.70 -0.02 Rorthern Star -0.35 -0.45 Rorthern Star -0.35 -0.01 Pactific Fundop 4.81 </th><th>Diff 1.90, 700 323 = 1.4 Box 320 Box 1.000 Constrained <thconstrained< th=""> Constrained</thconstrained<></th></th>	Ameso 700 710 </th <th>Hitpon Sanon 1,400 +10 Mitpon Schop 1,400 -16 Nippon Sharpa 1,770 +30 Mitpon Sharpa 1,770 +30 Mitpon Sharpa 1,770 +30 Mitpon Sharpa 1,770 +30 Mitpon Sharpa 1,290 +30 Mitpon Sharpa 1,290 +30 Mitpon State 1,220 -40</th> <th>Total Carbon 1.240 +10 Total Carbon 1.270 +10 Total Silver 2.280 -10 Total Silver 2.280 -10 Total Silver 3.090 430 Total Carbon 3.360 -20 Total Extrict Par 3.360 -20 Total Static Par 3.360 -20 Total Static Par 2.360 -20 Total Static Par 2.360 -20 Total Static Par 2.560 -20 Total Sta</th> <th>Bers Auto 313.60 -0.25 Biger Rill Peta 2.70 -0.02 Rorthern Star -0.35 -0.45 Rorthern Star -0.35 -0.01 Pactific Fundop 4.81 </th> <th>Diff 1.90, 700 323 = 1.4 Box 320 Box 1.000 Constrained <thconstrained< th=""> Constrained</thconstrained<></th>	Hitpon Sanon 1,400 +10 Mitpon Schop 1,400 -16 Nippon Sharpa 1,770 +30 Mitpon Sharpa 1,770 +30 Mitpon Sharpa 1,770 +30 Mitpon Sharpa 1,770 +30 Mitpon Sharpa 1,290 +30 Mitpon Sharpa 1,290 +30 Mitpon State 1,220 -40	Total Carbon 1.240 +10 Total Carbon 1.270 +10 Total Silver 2.280 -10 Total Silver 2.280 -10 Total Silver 3.090 430 Total Carbon 3.360 -20 Total Extrict Par 3.360 -20 Total Static Par 3.360 -20 Total Static Par 2.360 -20 Total Static Par 2.360 -20 Total Static Par 2.560 -20 Total Sta	Bers Auto 313.60 -0.25 Biger Rill Peta 2.70 -0.02 Rorthern Star -0.35 -0.45 Rorthern Star -0.35 -0.01 Pactific Fundop 4.81	Diff 1.90, 700 323 = 1.4 Box 320 Box 1.000 Constrained Constrained <thconstrained< th=""> Constrained</thconstrained<>
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	Faste 7330 -60 Faste 7360 -60 Faste 7360 -60 Faste 7360 -60 Faste 7360 -50 Faste 7360 -50 Faste 7360 -50 Faste 7360 -50 Faste -150 -50 Faste -700 -700 Faste -700 -70 Faste -700 -70 Faste -700 -70 Gate State -1540 -10 Gate State -1500 +10 Gate State -1500 +10 Gate State -700 +10 Gate State -700	Nach Darp 1.970 Nach Darp 1.920 Nach Darp 1.920 Nach Darp 1.920 Nach Darp 1.920 Nach Darp 2.340 Nach Darp 1.070 Nach Darp 1.070 Nach Darp 1.070 Nach Darp 1.070 Nach Darp 2.700 Nach Darp	Promus-Gama 1.770 -20 Opports 1.660 -20 Opports 1.660 -20 Opports 1.660 +30 Opports 1.40 +10 Opports 1.40 +10 Opto Corp. 5.260 +10 Opto Corp. 5.260 -110 Opto Corp. 1.670 -20 Promer 1.970 +20 Promer 1.970 +20 Brown 1.400 +20 Brown 1.400 +20 Brown 1.400 +20 Brown 1.100 +20 Sanda 1.160 +20 Sanda 1.160 +20 Sanda 1.160 +20 Sanda 2.260 Sanda 2.260 Sanda 1.100 +20 Sanda 1.100 +20 Sanda 2.260 Sanda	Waccai 1,720 1-10 Yanata Gap 1,560 50 Yanata Bota 1,560 50 Yanata Bota 1,460 50 Yanata Bota 2,460 50 Yanata Bota 2,460 50 Yanata Bota 2,460 50 Yanata Bota 2,460 50 Yanata Bota 1,360 50 Yanata Bota 1,350 57 Yanata Bota 1,350 57 Yanata Bota 1,15 -0,06 Adata Bota	Renderson Land 1.56	

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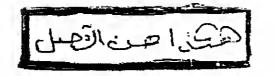
4pm prices December 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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 <thChipme< $\begin{array}{c} Ch'ge \\ Close \mbox{ Prav.} \\ \hline \\ \mbox{ distribution Closer } \\ 133 - 1_{0} \\ 24 \\ 214 - 1_{0} \\ 214 - 1_{$ Ch'es Close Prov. Cuose Close 334 - 16 354 - 16 615 - 16 615 - 16 314 - 16 314 - 16 314 - 26 Chige Close Prev. Quote Close Bunck O
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WORLD STOCK MARKETS

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AMERICA **Dow declines sharply as** nervous trading continues

Wall Street

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HEAVY selling of financial issues because of concern about real estate loans, con-pled with profit-taking after last week's peaks which were the highest levels seen since the October 13 mini-crash, sent the equity market sharply lower yesterday, writes Janet Bush in New York. The Dow Jones Industrial

Average closed 42.02 points lower at 2,697.53 on moderately lower at 2,697.53 on moderately active volume of 187m shares. Other indices, including the Standard & Poor's 500, the American Stock Exchange Index and the Nasdaq Compos-ite index, were all sharply lower. The Dow Jones Trans-portation Index, which includes airline issues, was 29.88 points lower at 1,140.82 at the close.

the close. The market had only been quoted modestly lower during the morning session but selling then accelerated and was exacerbated by programma stock index arbitrage which helped depress the Dow by 52 points

at one stage. The major reason cited for the sharp sell-off was concern about bank exposure to problem real estate loans after Frilem real estate loans and the day'e announcement by the Bank of New England that it CHILE'S small and sensitive elections were the first after more than 16 years of military more than 16 years of military performing real estate loans.

However, the market had looked increasingly vulnerable at the latter end of last week, having climbed above the key technical resistance level of 2,760 on the Dow Jones Industrial Average.

That rally came amid a already taken into account the dearth of any clearly positive widely expected victory of Mr news and there has been Patricio Aylwin, the opposi-increasing nervousness about tion's presidential candidate, the progress of monetary pol-the election of a politically the progress of monetary pol-icy. The Federal Open Market Committee meets today and tomorrow but hopes are not particularly high that the com-mittee will decide to ease monetary policy further.Among financial issues, Bank of New England extended Friday's

INTEREST rates, or the anticlpation of their move-ment, had a lot to do with the

way senior bourses moved on the Continent yesterday, writes Our Markets Staff. PARIS was dealt an early

blow by a rise in domestic interest rates, but closed above

its day's lows. The Bank of

France announced a % point rise in the intervention and

losses, falling \$1% to \$7%, Bank of Boston lost \$% to \$16%, Federal National Mortgage dropped \$2% to \$30% and and Citicorp fell \$1% to \$26%.

Technology issues were mostly weaker although Apple Computer and Compaq Com-puter were higher after the beating they took last week on beating they took ast week on disappointing earnings fore-casts. Apple was quoted \$1 higher in over-the-connter trading at \$34% and Company stood \$% higher at \$77% on the New York Stock Exchange. In contrast, TBM shummed \$10 to contrast, IBM slumped \$1% to \$33%, National Semiconductor was down \$% at \$6% and Moto-rola dropped \$1% to \$56.

Among featured individual stocks, Marriott jumped \$1% on news of a major restructuring but then slipped back in line with the broad market to close \$1 lower at \$33%. The company's plans include get-ting out of the fast food and family restaurant business and buying back 10m common

shares CML Group jumped \$% to \$20% after Mr Irwin Jacobs, the investor, raised his take-over offer for the company by

\$2 a share to \$25 a share. Brazil Fund, a closed end investment fund, jumped \$1% to \$12% in response to the apparent victory of Mr Fer-nando Collor De Mello in Bra-zil's presidential election. He is

West Germany widely regarded as a free Ireland _ taly mark In over-the-counter trading, Amgen slumped \$4% to \$51% on a negative interpretation by Netherlands . Norway Spein .. Sweden analysts and lawyers of last itzerland week's court ruling on patent rights to Erythropoetin. EUROPE

Canada

Hong Kong STOCKS declined across the board in moderate Toronto Janan ... fell 27.66 to 3,958.54, the low for the day. Declines outnumbered Singapore Canada ... advances 475 to 251 and vol-ume fell to 25m shares com-USA ... Mexico pared with Friday's 33m. South Africa Campeau Corp lost 30 cents and slipped to its lowest level WORLD INDEX ____ this year at C\$3.60 after CIT Group-Factoring, the largest † Based on December 15 1988. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County Nativest Securities Linguist. US factoring company, said it ASIA PACIFIC

would not approve shipments to Campean's two retail units for goods payable after January 10.

Chile greets election results

enphoric reception to last Thursday's election results. Its selective index rose another 4.85 per cent yesterday, follow-ing e 5.3 per cent gain on Fri-day, writes Barbara Durr in While the markst had

reassuring husiness were statements from Gen Augusto Pinochet, indicating that he intended to return to the barmoderate Congress assured the business community that the racks after the inauguration of Mr Aylwin in March. While the general can remain in his future "would not be as bad as they thought," said Mr Jose Antonio Labbe of B & C, one of powerful post of army com-mander in chief until 1997, he clearly acknowledged that he would be subordinate to Mr

Santiago's biggest stock brokerages. Last Thursday's general Ayiwin's authority.

Tokyo SIGNS of a elowdown in the US economy promised more stabil-ity on the yen/dollar front yesdictatorship and brought the country back into the demo-cratic fold. Boosting confiterday, auguring well for inter-est rates, and further waves of index huying took the Nikkei to a fourth record high, writes dence, too, were calming state-ments about the fature handling of the economy from Michiyo Nakamoto in Tokyo. Share prices rose steadily throughout the day, supported by active index-linked buying Mr Aylwin's probable finance minister, Mr Alejandro Forley. Not least among the factors

start, reflected in the 4.13 fall

at 1.634.57.

by investment trusts and arbi-trage buying by foreign firms. The Nikkei index closed 315.14 np at its day's high of 38,586.18. The low was at 38,304.46. Advances outnumbered declines hy 536 to 378 while 221 issues were unchanged.

Turnover remained moderate at 860m shares, up from 844m traded on Friday. The Topix index of all listed shares

business in Japan boosted demand in the oil sector. Mit-subishi Oil was actively traded Bourses engrossed in interest rates and gained Y110 to Y1,820, COPENHAGEN saw interest Dowa Mining, which saw a surge of huying last week on news that a rich vein of gold in the insurance sector, as Baltica Holding announced that it had spent about FFr600m on a reciprocal 5 per cent stake in Victoire, a subsidiary of Suez.

the French financial group which recently took a 23 per cent stake in Baltics.

Baltica Holding gained DKr7 to DKr810 and Baltica Insurance DKr30 to DKr2,600. Elsewhere in the sector, Topdanmark gained DKr70 to DKr1.480

Investors find their fun outside big markets a week ago performed well again: Austria's 3.4 per cent increase on foreign buying puts it more than 70 per cent ahead this year in local cur-rency terms. Malaysia is leaving Singa-pore behind. A 2.9 per cent rise over one week made it the best performer in the list over four-weeks, with a gain of 11.4 per cent; South Africa, with infer-est in both golds and industri-als, came close behind with 2.9 and 11.3 per cent respectively. Among the big battallona, Wall Street had a bizarre Fri-day on rumours that Panema had dechared war on the US Hoare Gowett, the invisors, was saying in London that Tokyo was displaying signs of fatigue, manifested in shrinkage of turmover and the narrow range of fuctuations in its key stock market indices. MARKETS IN PERSPECTIVE By William Cochrane

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also posted a record, adding 10.24 to 2,884.80, while, in Lon-don, the ISE/Nikkei 50 index

A huge flow of investment

trusts was expected to come to

the market at the end of this

week, feeding on, and support-

ing, its buoyancy. According to Daiwa Securities, the esti-mated value of investment

funds coming into the equity

There is a leavening of can-tion in the market. While the bulls see the lack of activity on

the yen/dollar front as a sign of

stability, others feel that there should be more direction from

the currency market, rather

However, the accent was on optimism. For example, news

Arabia has expressed interest in entering the oil production

Other resources were mixed.

1.4

the weekend that Saudi

eased 0.73 to 2,172.70.

market is Y760hn.

than the lack of it.

Brarkets let the side down last week as declines in France, West Ger-many and the UK left Europe Start of 1988 Start of 1989 +8.13 +70.14 +97.64 +69.41 recording a decline of 0.7 per cent over one week against a +25.01+ 56.82 + 12.76 + 47.09 rise of 5.1 per cent over four. Japan fell by a tiny fraction, Japan fell by a tiny fraction, measured by the broad sample of stocks in the FT-Actuaries indices, and the US rose by something similar. So the World Index did well to come out of the week virtually at level pegging, with a four-week rise of 4.5 per cent. +43.81 +52.39 +27.33 +39.31 +8.89 +3.42 +2255 +11.35 +8.89 +49.27 +55.86 +1.07 +7.26 +7.84 +8.11 +31.39 +30.57 +1.31 +25.54 +21.57 +6.84 +29.32 +27.55 +23.34 +44.4 +32.96 +27.55

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Investors were having their fun elsewhere, particularly in Sweden, which had a rush of corporate finance activity involving big names such as Volvo and Saab, the flotation of the country's second-biggest insurance company, Trygg-Hansa, and the promise of a further wave of company mergers and acquisitions early next

The Stockholm bourse scored a 4.2 per cent rise on the week, just as some observers were saying that its really

has been found near one of its mines, lost Y90 to Y1,340 on profit-taking. Trading houses once again stole the imelight. The historic events in Eastern Europe, com-bined with increasing signs that the IIS and the Soriet

that the US and the Soviet

Union will move further to reduce defence spanding, have raised hopes of a worldwide trade bonanza in which Japa-nese trading houses will have a

good times were over. On the other side of the

On the other side of the world, Hong Kong came out on top with a rise of 4 per cent, retrieving its position over the four-week run. The market sailed out of the doldrums on Tuesday and, by Wednesday, dealers had worked out a num-ber of reasons for the upsurge. One was the prospect of fund

One was the prospect of fund managers religging their port-folios to reduce exposure to the turbulent Philippings, after a fall of nearly 34 per cent last, week when the twin exchanges of Manila and Makati reopened following the attempted mili-

Mulling it over, brokers James Capel rejected the initial explanations and came up with three of its own: • that, on a valuation basis, the market is cheaper now,

against the world, than it ever has been; • that corporate earnings, growth in the colony is intact; • and that many funds remain significantly under-

weight in Hong Kong, but have been observing it with interest from the sidelines. Elsewhere, a number of mar-kets that were high on the list

Roundup

market indices. In Europe, finally, Salomon-Brothers was bringing out a think piece saying that inter-national investors should switch out of the dull French market into the similarly dull what compare was Horsens. West German one. Howver, it is true that both of them were looking good at anything more than a five-day period.

market indices.

Currency prospects produce a fourth record Ity lively in Osaka, where the OSE average moved up 118.28 to breach the 39,000 level and ing a post-crash peak on Fri-day. The Straits Times indus-trial index fell 8.54 to 1,460.02 close at a record 39,065.07. Volums improved to 102m shares from the 88m traded on Friday.

as immover picked up slightly to 72m shares from 71m. Some big property stocks declined after DBS Land bought the Standard Chartered Building for the lower than expected price of \$\$1,629 a square foot, compared with expecta-tions of \$\$2,200. MOST MARKETS in the region bounced back to close higher after dipping at the outset.

Singapore Land lost 60 cents to \$\$13.70 and City Develop-ments retreated by 12 cents to \$\$3.54

KUALA LUMPUR attracted the attention of institutional and individual buyers, who belped the composite index rise 1.15 to a record 539.94, after it had eased earlier. HONG KONG overcame light

profit-taking to end higher, although turnover declined. The Hang Seng Index rose 3.64 to 2,900.21 on turnovar of HK\$705m, down from Friday's. HK\$1.2b

TAIWAN rebounded after early selling and a small fall on. Saturday. The weighted index. gained 125.92, or 1.5 per cent, to: 8.674.88.

Berlin means Business: Over 500 successful location plans began this way.

after dipping at the outset. Singapore, however, remained weak throughout the day. AUSTRALIA recovered from an early slip, closing higher amid hopes of lower interest rates and a fall in the local dollar. The All Ordinaries index gained 10.1 to 1,629.2, after failing to 1.617.1 earlier. significant part to play. C itch, a leading trading company that has not been prominent recently, topped the actives list with 28.9m shares. It rose Y40 to Y1,190. Sumitomo Metal Industries, after falling to 1,617,1 earlier, on thin turnover of 79m abares another choice on the Soviet theme for its potential involve-ment in the planned Soviet gas worth A\$150m, compared with Friday's 84m and A\$158m. A rise in the bullion price at plpellne, which is to be extended from Siberia, lost on

profit-taking. It was second in the weekend encouraged buying of gold and resources stocks. Australian Developlume with 27.9m shares and fell Y4 to Y905. Tokyu Corp, the railway ment added 8 cents to A\$1.98, company seen as a strong pros-Dominion Mining 6 cents to pect for 1990, also succumbed to the profit-takers, and dropped ¥30 to ¥2,970. A\$2.06, and Niugini Mining 10 cents to A\$2.55.

SINGAPORE edged lower in Special situations kept activmoderate trading after reach-

profit-taking pressured the market. The Swiss National Bank's Lombard rate, tied to to 680.12 in the FAZ index at midsession, but it picked np late on a strong banking sector and the DAX closed 7.14 higher the call money rate, rose from 10.5 to 10.625 per cent and the Crédit Suisse index dropped 9.6 to 605.9 Banks rose on expectations AMSTERDAM stayed cauof strong 1989 earnings and of stabilisation in interest rates. Majors such as Deutsche and

tious due to the continued weakness of the dollar, and the CBS tendency index edged up 0.3 to 182.8 in quiet trading, Dresdner, np DM6.50 at DM770.50, and DM15 at DM404.50 respectively, have with both huyers and sellers keeping a low profile. Globally-traded multination-

emergency funding rates, and the OMF 50 index ended 0.38 already reported good 10-month earnings; and the sector lower at 531.30, after falling to 528.14.

Paribas, the bank, which had lost FFr8 on news of the rates rise, closed FFr7 up at FFr706 on speculative interest in husy trading. The day's other most active

at FFr435, and its insurance srm Gronpe Victoire, unchanged at FFr2,276. Suez said that state insurer UAP now owned 34 per cent of Viotoire following a capital restructuring, while Dai-Ichi of Japan and Baltica of Denmark each held 5 per cent.

Eurotunnel recovered from last week's losses, adding FFr3.70, or 7.7 per cent, to FFr51.70. It said that an independent engineering consul-tant had supported its cost estimates for completion of the Channel tunnel. Lyonnaise des Eaux gainer

FFr22 to FFr545. It said it had acquired a 9 per cent stake in Anglian Water of the UK. FRANKFURT had a sluggish

is benefiting from the growing belief that interest rates have reached a peak. However, there are some conditions at the political level. Earlier in the day, Finance Minister Theo Waigel said that he did not see the need for another boost in German rates – provided wages went up only moderately in 1990. That is when the powerful metal-workers union will be pressing its claim for better pay and shorter hours. Other winners included the electricals group, AEG, which jumped DM8.00 to DM294.50 on

speculative interest. After mar-ket bours, it announced a trains systems joint venture with LEW, an East German engineering company. Meanwhile, Preussag rose DM7.50 to DM392 after promising a signif-icantly higher dividend for ZURICH tumbled in moder-

ate trading as firm domestic interest rates and year-end

als closed flat to lower with the to DKr59L exception of the food and consumer products group, Uni-lever, which rose 60 cents to F1 157.90, helped hy institutional buying. However, the trading com-pany, Borsumij-Wehry, rose F14 to FL 114 before closing at F1 112.50. It purchases goods in dollars and sells them in Euro-nean bard currencies on a nine months and saying that

pean hard currencies, so a weak dollar should improve its

weak dollar should improve its profit margins. STOCKHOLM declined on profit-taking in active trading, following last week's excite-ment. One exception was Saab, which saw its free B shares gain SKr17, or 6.6 per cent, to SKr23, after their suspension SKr373, after their suspension on Friday before the announce-ment that General Motors of the US would take a 50 per cent stake in its loss-making car division. Volvo free B shares eased SKr3 to SKr449 after rises last week. The Affärsvärlden Gen-

BRUSSELS had a mixed ses sion, with the cash marke index almost unchanged at 6,399.29, up 0.41. Wagons-Lits, the travel group, fell BFr130 to BFr8,620 after announcing a rise in turnover for the first

and Hafnia Holding rose DKre

profits would not rise next MADRID eased in a quiet ion, with the general index off 0.7 at 302.48, as investors concentrated on Christmas rather than on equities.

SOUTH AFRICA

GOLD stocks closed margin-ally lower in Johannesburg, as the whole market drifted lower under the combined influence of a weaker gold price and a firmer financial rand. The gold index was down 7 points at 2,213 and the industrial ended 2 points

lower at 2,807,

eral index lost 13.2 to 1,214.7.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	_	MON	DAY DECE	48ER 18 11	et		FRIDAY	ECEMBER 1	e 1865	DOLLAR WEEX			
Figures in parantheses show number of stocks per grouping	US Dollar Index	Day's Change	Pound Starling Index	Local Currency Index	Day's change % local currency	Gross Oiv. Yield	US Doltar Index	Pound Storting Index	Local Gumency Index	1969 High	1969 Low	Year ago (approx	
Australia (85)	147.88	+0.7	136.77	125.60	+0.7	5.42	146.79	135.64	124.68	160.41	128.26	141.16	
Austria (19)	167_28	-0.2	154.72	148.90	-0.2	1.62	167.67	154.93	150.15	172.22	92.84	96.41	
Balgium (63)	150.06	+0.2	138.79	134.33	+02	4.14	149.79	138.41	134.09	150.39	125.58	132.54	
Canada (122)	151.14	-0.7	139.79	127.01	-0.7	3.18	152 20	140.64	127.90	154.17	124.67	122.1	
Denmark (36)	236.44	-0.2	218.68	215.06	-0.1	1.47	236.99	218.98	215.79	237.08	165.35	153.5	
inland (26)	130.64	-02	120.82	112.05	-0.3	2.52	130.89	120.95	112.35	159.18	118.63	130.9	
rance (126)	149.32	-0.5	136,10	136.13	-0.3	2.70	150.00	138.68	138.61	150.60	112.57	109.1	
Nest Germany (96)	112.20	+0.0	103.77	100.71	+0.2	2.07	112.18	103.68	100.48	112.97	79.58	87.12	
Hong Kong (48)	120.74	+02	111.67	121.03	+0.1	4.71	120.58	111.40	120.85	140.33	86.41	106.07	
rolling (40)	176.58	-0.9	163.32	162.78	-0.8	2.67	178.12	164.68	164.25	179.42	125.00	131.2	
reland (17)	95.65	-0.5	88.47	92.05	-0.4	2.49	96,14	85.84	92.39	96.73	74.97		
taly (97)	197.78	+0.4	182.93	180.18	+0.4	0.45	197.07	182.09		200.11	164.22	83.9	
apan (455)					+0.7	2.31			179.50			185.7	
Malaysia (36)	221.07	+0.7	204.46	229.75			219.57	202.89	228.20	221.07	143.35	141.8	
Mexico (13)	310.89	+2.7	287.54	906.71	+2.6	0.57	302.64	279.65	883.48	326.61	153.32	181.B	
Vetherland (43)	138.51	-0.3	128.11	123.18	+0.0	4.32	138,88	128.33	123.22	.139.47	110.63	112.3	
New Zealand (18)	71.78	+1.0	66.39	64.13	+0.8	5.55	71.09	65.69	63.61	88.18	62.84	65.0	
Norway (24)	192.66	-0.8	178.18	174.42	-0.1	1.57	193.29	178.60	174.60	198.39	139.92	133.37	
Singapore (26)	174.71	+0.3	181.58	153.61	-0.1	1.95	174.26	161.02	153.98	176.24	124.57	120.1	
South Africa (60)	186.44	-0.1	172.44	159.50	-0.5	3.57	186.60	172.43	180.28	188.04	115.35	115.9	
3 pain (43)	162.94	+0.4	150.70	137.63	+0.2	3.82	162.32	149.99	137.36	169.75	143.14	148.97	
Sweden (35)	182.45	-1.5	168.74	169.42	- 1.1	2.02	185.20	171.13	171.21	188.94	138.45	143.65	
Switzerland (62)	90.89	- 1.3	84.08	87.22	-1.4	2.05	82.08	65.06	88.42	94.1e	67.81	76.20	
United Kingdom (303)	153.75	+0.4	142.20	142.20	+0.5	4.37	153.08	141.45	141.45	158.41	133.28	134.32	
USA (544)	139.17	1,8	128.71	139.17	- 1.8	3.36	141.75	130.98	141.75	146.29	112.13	113.4	
Europe (990)	136.32	+ 0.0	126.08	124.48	+0.1	3.38	136.35	125.99	124.38	138.58	112.63	113.0	
lordic (121)	180.50	-0.8	166.94	159,29	-0.5	1.79	181.96	168.13	160.13	181.96	137.95	135.4	
acific Basin (668)	192.87	+0.4	178.38	175.63	+0.4	0.69	192.15	177.55	174.97	194,72	160.44	160.7	
uro - Pacific (1658)	170.37	+0.2	157.57	155,17	+0.3	1.56	169.95	157.04	154.73	170.37	141.58	153.57	
North America (666)	139.78	-1.8	129.28	138.41	- 1.8	3.35	142,27	131.46	140.88	146.66	112.79	113.87	
Urope Ex. UK (687)	124.52	- 0.3	115.17	113.72	-0.2	2.72	124.94	115.44	113.94	124.94	96.30	99.5	
acific Ex. Japan (213)	134.04	+0.5	123.97	119.73	+ 0.5	4.82	133.32	123.18	119.14	140.05	111.93	121.13	
Vorid Ex. US (1853)	169.94	+02	157.18	154.49	+0.2	1.63	169.58	156.69	154.11	169.94	141.49	152.20	
Norid Ex. UK (2094)	158.33	-0.5	146.44	150.03	-0.5	1.95	159.13	147.04	150.78	159.46	136,98	137.57	
Norld Ex. So. At. (2337)	157.78	-0.4	145.68	149.20	-0.4	2.15	158.40	148.36	149.80	158.84	136.67	137.3	
Norld Ex. Japan (1942)	138.91	- 1.0	128.48	133.29	- 1.0	3.42	140.30	129.64	134.57	140.89	114.51	113.9	
he World Index (2397)	157.90	-0.4	146.04	149.26	-0.4	2.18	158.57	146.52	149.86	159.01	136.66	137.2	

Copyright, The Financial Times Limited, Goldman, Sacha & Co., and County NatWest Securities Limited. 1987 CONSTITUENT CHANGES: At the quarter-end review of the FT-Actuaries World Index, it was decided to make the following constituent changes with effect from January 2 1990: Additions: Anglian Water, North West Water, Severn Trent Water and Thames Water (all UK); Oracle Systems, Oryx Energy, and Public Service Enterprise (all US). Determines Emperor Mines (Australia); Cooper Companies, Hall (FB), and Interco (all US). Classification changes to existing constituents: Abbey (Ireland) to Homebuilding and Alco Standard (US) to Paper Products.

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FINANCIAL TIMES



The FT TOP 500 is a survey of Europe's higgest companies. This is its eighth consecutive year of publication. The main list looks at publication. The main list looks at publication. European companies, and ranks the 500 biggest by market capitalisation, taken as an average for the month of June this year and translated into US dollars. A second list ranks the top 500 companies in the UK stock market, the

biggest in Europe. A company's capitalisation is the number of its shares unlitglied by the price of its shares, and therefore measures the value of a company in the eyes of investors. This yardstick has a number of advantages over other methods. It is a good guide to performance over time; gives a proper weighting to banks, whose positions are distorted in lists based on turnover; and takes proper account of loss-making companies

that disappear from lists based on profits. The stock market varies from one country to another. It is particularly important in the UK, whereas in West Germany the banks play a larger role in corporate finance, and in France and Italy many of the biggest groups are state-owned. To take account of these tors, a separate list is included of the top 100 European concerns, whether publicly or privately owned, ranked by turnover. The Top 500 tables analyse the key figures on each company included – turnover, profits, return on capital employed, and the number of companyee

of employees. Other tables list the biggest employers, look at the most profitable stock-market sectors, and list the biggest profit increases and decreases. There is also a separate table, ranking the top 100 UK investment trusts by market capitalisation

Bull markets in command

Germany

Switzerland

Netherlands

Beigium

Norway .

the table.

Between them, these two

Denmark Ireland Austria

Vetherlands/UK

Sweden/Switzerland

France ...

Sweden .

Italy ... Spain

By JEFFREY BROWN

WITHOUT doubt, the unflinching strength of share prices was the biggest single inflo-ence on the latest FT Top 500, this newspaper's annual survey of the leading European companies ranked according to stock-market capitalisation.

Takeovers and mergers again had a notable impact, and this year has seen an unusually large sprinkling of explosive new entrants. But, from the outset, boll markets were the dominant factor, and they stayed firmly in command right to the end, which, for the

F1500 year, was June 1989. The stock market indices tell the story in big hold print. With only the occasional waver, the FT-Actuaries Euro pean index, calculated in local currencies, travelled steadily unward over the 12 months, to emerge breathless but confident with a gain of 20.1 per cent.

Within this performance, which represented a complete : recovery to the levels held just before dramatic collapse of

world stock markets in Octo- nations account for 60 per cent ber 1987, half the 14 component of the leading 50 companies;

500 capitalisation by country (\$m)

... 9043,9

8845.6

8096.4

4431 8

1975.2

to the FT500 is extended to include Shell and Unilever, the two Anglo-Dutch mammoths, United Kingdom 531149.0 the proportion rises to almost 178371.6 two-thirds. Excloding Shell 134922.2 and Unilever, the UK accounts directly for 21 companies in the 102599.1 71872.2 70133.4 top 50, and West Germany nine 64999.9 - each one more than in the 47553.2 preceding year. 41883.4 Stock-market strength was 41834.1 21104.3

also apparent in the way cer-tain sectors bounced to prominence. The drugs industry, which had a tremendous run over the period, thanks to strong dollar-led earnings, fea-tures heavily; and so do finan-cial services and international

while, if the UK's contribution

food and drinks groups, where takeover activity continued to play a compelling role. Pharmaceoticals represents the heaviest individual sector countries comfortably outstrip-ped the index, with an average advance adding close on 40 per The contrast with the previous year's switchback ride could not have been more marked, and it has allowed the weighting in the top 50, accounting for no fewer than nine companies, led by Glaxo with a market capitalisation of countries with the two biggest investment centres, the UK and West Germany, to consoli-\$15.7bn, or 50 per cent more than its nearest rival Cibadate their grip at the head of Geigy, the leading Swiss drugs

> Banks take up six places in the top 50, and so does the increasingly global food-and-

of Actuaries & the Faculty of Actuaries drinks industry. Heavy indus-try accounts for a tenth of the leading division, and here the Germanic flavour is unmistak-able with Daimler-Benz and Siemens both in the top 10.

rs, the leading edge of the

Despite the smoothness of the stock-market ride, compared with 1987-88, component volatility showed a notable increase. With 45 new entrants, the turnover ratio for the FT500 rose to 9 per cent, up from around 8 per ceot last time. But volatility was even more marked at the top of the table. Within the leading 50 companies, the turnover ratio was 14 per cent. Despite the plethora of new-

FT500 bears a strong resem-hiance to its predecessors. Once again, Royal Dutch/Shell holds down the top slot, with a market capitalisation of \$54.4bn, which is more than the share market value of Brit-ish Petroleum and British Telecom combined. These two weigh in at number two and number three respectively, to

How the stock markets moved

reverse last year's ranking. The sharpest upward move-ments within the top 50 centre on Glaxo, op almost 50 per cent in absolute terms; Asea-Brown Boveri, husily reforming after the previous year's landmark merger; BAT Industries; and Eurotunnel, which bounced from 179 to 46 and provides a

CO	Νī	ENTS	
EUROPE:		THE UK:	_
The Top European 500	2.3	The Top UK 500	8-7
Analysis caught on the hop	3	Takeovers provide impetus	6
Mergers and acquisitions	4	Profile: Cartton	
Profile: Nixdorf	4	Communications	8
Profiles: Euroc; Repsol;	-	The property sector	7
European pharmaceuticals; French insurance	5	Profiles: British Steel: Capital Radio	8

reminder of just how heady hopes for the Channel tunnel were before reality over con-struction costs finally caught up with the Angio-French proj-

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co., and County NatWest/ Wood Mackenzie in conjunction with the Institute

The most improved company performance overall comes from Pirelli, the Italian tyre group, which positively zoomed ahead, rising by 184 places to 206 following the major capital reorganisation which led recently to the separate flotation of 20 per cent of the group's main tyre business. But most of the year's fas-ter-rising companies did so on the back of strong profitability. The Swedish internationals feature prominently: LM Erics-son went from 221 to 98; while Euroc, the fast-expanding huilding materials groop, jumped 159 places. Matra, the French electronics and defence

group, rose from 468 to 292. The most notable newcomer to the FT500 was Banco Bilbao Vizcaya, the newly-merged Spanish bank which entered

return to the private sector, bounded in at 73, and Groupe Victoire at 160. The acquisitive French insurance group makes an all too brief appearance, however, because it has itself been subsequently swallowed

up by the Suez Banking Group, of France. The list of departing compa-nies again reads like a cata-logue of past takeover battles. Rowntree, which succumbed to the vast financial resources of

FT-Actuaries World Indices in local currency terms

Nestlé, the Swiss foods group, is perhaps the best known casualty. It stood at 63 last time - while AEG, now fully absorbed by Daimler-Benz, was last seen at 163. Beset by all sorts of managerial and trad-ing troubles, Waterford Glass goes out, despite the way its trading base was broadened by the acquisition of the Wedg-wood ceramics group.

The FT500 year ended with just 30 mooths to go before January 1992 and the removal of Europe's trading barriers. Thus the takeover scent stayed the lists at 31, despite the sing-gishness of the Madrid stock market (up just 0.1 per cent over the period). British Steel, following its

lent in France and Spain. In contrast, it had virtually oo impact in Switzerland.

160

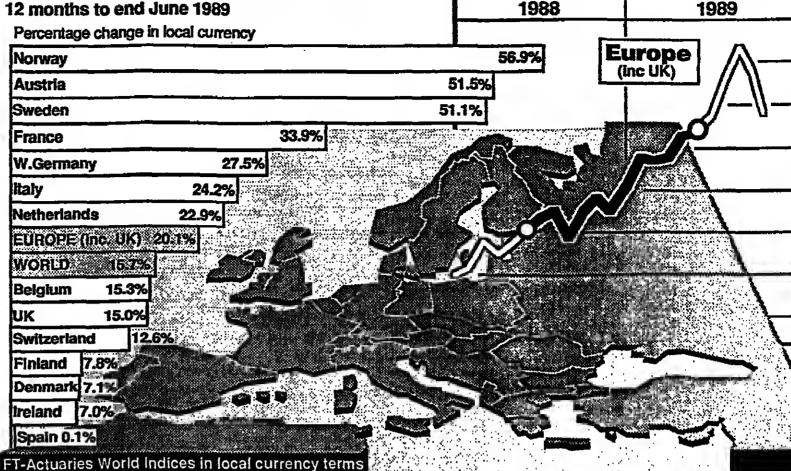
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According to Goldman Sachs, M&A accounts for something like a fifth of this year's improvement in the UK and West German stock markets. The treod was most marked in Spain, where the percentage rises to 48 per cent. In France, the ratio was 45 per cent. Between Jaouary and June this year - effectively, the sec-ond half of the FT500 year -French companies made 157 foreign acquisitions alone, at an estimated cost of some FFr65bn (\$10.4bn). This represented an increase of 40 per ceot value over the same period of 1988.

Can Europe sustain this sort of takeover pace in the year ahead? Although stock mar-kets world-wide have been badly rattled by the severe shake-out suffered in October, when Wall Street's junk-bond bubble finally hurst, the corpo-rate world remains strongly rate world remains strongly acquisitive. The chances are that, this time next year, the FT Top 500 will again provide instructive reading.



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553 Communications Equipment

551 Electronica
552 Instrumentation/Control Equipment
553 Instrumentation/Control Equipment
554 Machinery & Engineering Services
552 Machinery - Construction
553 Machinery - Farm equipment
556 Machinery - Farm equipment
556 Machinery - Industrial/Speciality
570 Auto Comp onents (Composite)
571 Auto Parts - Original Equipment
572 Auto Parts - Alter Market
573 Auto Trucks & Parts
574 Tyre and Rubber Goods
571 Diversified Industrial (Manufacturing)
582 Heavy Engineering and Shipbuilding
581 Construction & Building Materia ts
(Composite)
583 Construction
584 Formbuilding
593 Construction
593 Construction
594 Formicals (Composite)
595 Chemicals including fibres, paints, industrial gas
593 Chemicals (Composite)
594 Chemicals (Composite)
595 Chemicals (Composite)
595 Chemicals (Composite)
597 Chemicals (Composite)

industrial gas 622 Chemicals (Diversified)

(Composite) Forestry Produ

Containers

622 Chemicals (Diversified)
624 Fertilizers
639 Mining (Composite)
631 Mining & Extractive industries
632 Metal Ore Mining
633 Iron and Steel
634 Non-ferrous Metals
641 Precious Metals & Minerals
650 Forestry and Paper Pr oducts.
(Composite)

n/Control Equipment

534 Office Equipment 541 Electrical Equipment 550 Electronics & Instrum (Composite) 551 Electronics

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FT TOP 500: Europe

\$ Exchange rates (June averages)

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No of

Currency	1980	1988 %	percent change	1967
Austrian Schilling Sch	13.9341	12 3585	12.75	12.7831
Belgian Franc	41.4020	36.7523	12.65	37.6818
Danish Kroner DKr	7.6967	6.6821	15.18	6.8457
Finnish Markka FM	4.4214	4,1628	6.21	4.4187
French Franc	6.7135	5,9294	13.22	8.0728
German Mark DM	1.9784	1.75 7	112.59	1.8186
rish Punt f£	0.7406	0.6553	13.02	0.6789
talian Lira L	1433.9300	1304.6466	9.91	1315.8400
iotheriands Guilder Fl	2 2282	1.9760	12.76	2.0482
forwegian Kroner NKr	7.1815	8.3866	12.45	6.7057
Spanish Peseta Pta	126.5590	116.2091	8.91	126.2610
wedish Kronor SKr	6.6784	6.0967	9.54	6.3393
Swiss Franc SFr	1.7073	1.4619	16.79	1.5080
X Sterling£	0.6440	0.5630	14.39	0.8139

Europe's biggest employers

Вал	ik Company C	ountry	Sector	Rank	employees
1	Stemeno	Ger	541	10	353000
2	Daimler Sanz		401	8	338749
3	BAT Industries		171	e	310779
- 4	Philips		541	65	310258
5	Flat		401	12	277353
8	Volkswagen		401	51	252086
7	British Telecom		223	3	242723
8	CGE		533	66	204100
9	Nestle		451	5	197722
10	ABB Asea Brown Boveri		541	23	169459
11	Bayer		622	20	165700
12	Hoechst	Ger	622	25	164527
13	Peugeot		401	45	158100
14	Electrolux	Swe	402	95	147192
15	General Electric		541	17	146029
18	Generale des Eaux		221	76	138435
17	Suez (Compagnie Financiere de)		112	53	134530
18	Royal Dutch/Shell		212	1	134000
19	British Aerospace		523	143	133600
20	BASE	Ger	622	28	132306
21	BET		171	113	132025
22	imperial Chemical Industries		622	13	130400
23	Lontho		171	181	129908
24	British Petroleum		212	2	125950
25	Mannesmann		563	107	121782

The basis for the lists

RANKINGS: The rankings of the European and UK 7 500 tables are based on market capitalisation at the end June 1989. Preference capital has been excluded from t

calculation. Companies that have 70 per cent or more of their equ companies that have 70 per cent or more of their equi-held by one other concern, or that have only a minin proportion of their capital openly traded on the sto market, have been excluded from the list. The capitalisation figures have been obtained from variety of sources, including Datastream Internation local stock exchanges and the FT-Actuaries World Indic

The ranking of companies having the same capitalisat has been determined by reference to their turnover where necessary, their profit.

ACCOUNTS: Consolidated accounts have been used whenever possible. When parent company accounts only have been reported, these figures have been used an annotated.

Turnover is shown net of sales taxes and inter-group sales. A ranking based on the latest year's figure is also given.

given. Profit is disclosed before tax and minority interest. For the UK companies, it is also before extraordinary items. Return on capital employed (ROCE) is based on capital employed at the beginning of the financial year, divided by pre-tax profit plus interest. For banks, capital employed = shareholders' funds.

BUK INVESTMENT TRUSTS: The rankings in the Investment Trusts table are based on market capitalisation at the end of June 1989. The shareholders' funds figure is based on the number of shares in issue and the stated net asset value. This table has been compiled with the assistance of County NatWest/Wood Mackenzie.

-	312 Commercial Banks and other Banks
	120 Financial Institutions & Services
	(Composite)
	121 Financial Institutions
1	122 Financiel Services
	131 Investment Companies
	140 Insurance - Life & Agents/Brokers
Top	(Composite)
d of	141 Insurance - Life 142 Insurance - Age nis & Brokers
the	
me	150 Insurance - Multiline/Property and Casualty (Comp)
	151 Insurance - Multiline
uity	152 Insurance - Property & Casualty
mal	161 Real Estate
tock	171 Diversified Holding Companies
	181 Investment Trusts
ma	201 Non Oil Energy Sources
nal	202 Energy Equipment & Services
ices.	203 Oil (Composite)
tion	205 Other Energy (Composite)
	212 Oll - Internationals
or,	213 Oil - Crude Producens
	214 Petroleum Products Including Refineries
	220 Electric and Gas Utilities (Composite)
ised	221 Elect ric Utilities, Water Works and
vlac	Supply
an	222 Natural Gas Litilities
	223 Telephone Companies
	301 Air Transport Carriers
quo	302 Freight Forwarders
also	303 Sea Transport
	304 Rall & Road Transport
For	306 Storage, Warshousing & supp onting
15.	Transport serva
nital	310 Transport & Storage (Composite)
ded	401 Automobiles
	402 Household Durables & Appliances
ital	495 Diversified Consumer Goods/Services
	410 Textile and Wearing Apparel (Composite)
	411 Apparel
est-	419 Taville Products

- 411 Apparel 412 Textile Products

413 Foctwear 420 Beverage industries/Tobacco

- manufacturers (Comp) 421 Bevarages Brewers

422 Beverages - Distiliers 424 Beverages - Soft drinks 425 Tobacco manufacturers 430 Health & Personal Care 430 Health & Personal Care (Composite)
431 Health Care
432 Cosmetics
433 Drugs
434 Hospital Supply/Management
440 Agriculture & Fishing
450 Foods & Grocery Products (Comp
451 Food Processors
452 Food - Sugar/Contectionery
453 Soaps
454 Agriculture & Fishing
450 Entertainment/Leisure/Toys (Composite)

(Composite) 461 Entertainment & Loisure Time

EUROPEAN TOP 500 SECTOR CODES (FT-ACTUARIES WORLD INDICES)

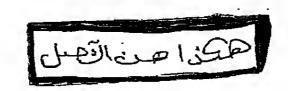
- 451 Entertainment & Leisure Time 452 Toys 453 Photography 454 Restaurants and Hotela 470 Media (Composite) 471 Printing 472 Publishing 473 Publishing Newapapers 474 Broadcasting Media 475 Advertising 480 Business Services & Computers Software/Serv (Comp) 481 Business Services
- 481 Business Services 482 Computer Software & Service 490 Retail Trade (Composite) 491 Retail Department store
- 490 Retail Trade (Composite) 491 Retail Department atore 492 Retail General Merchandise 493 Retail Grocery Chains 494 Retail Drug Chains 495 Retail Misceltaneous/Special 510 Wholesale Trade (Composite) 511 Wholesale Durables 512 Wholesale Nordinables
- 512 Wholesale Nondurables 520 Aerospace/Defence Composi 521 Aerospace/Defence
- 522 Defence Electronics
- 523 Aircraft Manufacturers 530
 - Computers/Communications & Office
- Equipment (Comp) 531 Computers
- (Composite) 661 Forestry Products 682 Paper and Paper Products 670 Fabricated Metal Products (Composite) 671 Fabricated Metal Products 672

THE TOP 500 EUROPEAN COMPANIES BY MARKET CAPITALISATION

Ranking 1989 1988 company country Capital San Sector Ru	Turstontz	Les BY MAKKET CAPITALISATION Mather 1997 1995 property Capital Sector Rank	Terosper. This year See Last year See share shar
1 1 Royal Dutch/Shell	1 66327.6 76191.6 -7.8 8604.0 6110.5 -7.8 16.8 9134000 31.12.88 2 40251.6 43957.6 -6.5 3225.2 3178.5 -13.8 14.8 125950 31.12.88 26 17161.5 10516.2 8.7 3764.2 3658.0 8.3 34.4 342721 31.02.88 7 34477.6 34477.6 34 2257.8 2001.6 0.0 26.1 4268 331.12.56	161 178 Loante Lit. 2376.4 171 90 152 119 TEB Group Lit. 2377.4 112 0 151 165 Role-Royce Lit. 2358.4 121 130 154 212 RMC Group Lit. 2358.4 611 130	8071.7 4860.0 8.4 346.4 310.0 12.4 18.1 129008 80.09.86 0.0 0.0 0.0 652.3 828.0 23.4 <18.2 42543 731.10.86 3065.7 3197.2 -4.2 200.9 242.2 7.7 18.8 40900 31.12.86 3205.5 2777.5 18.4 318.7 234.0 38.4 28.4 23.07 51.12
O Series Series	0 25650.0 20641.4 15.4 1992.4 144.4 3.1 18.8 9197722 "51.12.06 0 0.0 0.0 0.0 366.3 356.8 22.2 0.0 0 "31.12.86 131 3197.8 2703.4 18.3 1291.9 1158.4 11.5 46.4 25423 30.01.85 10 22652.0 22695.6 -1.1 2545.1 2164.5 17.7 254.4 210779 31.12.26	165 213 Groupe Brussiles Lambert Bei 2200,1 177 0 165 185 British Almetra UK 2262,2 861 95 167 131 Lagal & General Croup UK 2276,3 141 0 169 130 Utberful Fra 2275,2 574 44 169 135 berfulero Soa 2263,8 221 220	6610.2 6632.3 13.3 416.1 264.0 17.6 21.6 50024 31.03.00 0.0 6.0 0.0 221.4 123.0 86.1 0.0 6630 01.12.00 7710.6 7122.7 8.4 347.6 53.4 2.0 14.8 919627 91.12.00
0 6 Dalonier Genz	5 30011.3 25006.4 14.4 1251.1 1312.2 -4.7 7.4 95000 30.08.85 0 0.0 0.0 626.4 301.9 50.8 0.0 y41752 31.12.86 4 30000.7 26001.7 15.5 3002.8 2225.1 30.0 23.8 y277353 31.12.86 16 10041.1 10727.7 1.4 2002.8 2007.3 31.12.86	172 187 Linde 224L3 586 217 171 181 Antro Bank Met 2230.0 112 0 172 164 History Noticinga Lit 2150.9 451 71 173 0 DSM Met 2142.5 82 88	1501.2 1502.6 13.8 129.9 118.0 10.1 13.7 915000 31.12.86 0.0 0.0 0.0 304.8 200.8 21.7 (216.9 923)104 31 12.86 5510.8 4718.3 13.9 254.3 171.3 58.8 19.4 42052 51.18.59 4642.2 4028.3 12.7 504.0 301.8 67.4 20.5 930056 731.12.86
14 13 Hanson 12801-2 771 15 9 British Ges Uk 12340.4 222 16 18 Deutsche Bank Ger 11955.0 112 17 29 Genant Elechic Uk 10572.2 \$41	16 16 16 16 247 1500.00 30.00	176 160 Hearter Siddelay Group Uk 2138.3 601 144 175 145 Coerfaulds Uk 2138.5 621 144 175 145 Coerfaulds Uk 2138.5 621 144 175 145 Coerfaulds Uk 2138.7 112 0 177 197 Generative Bengunat Bel 2105.6 112 0 176 12 Total Total 2 26	4052.2 3759.6 7.6 300.1 342.6 +10.7 23.6 \$3500 \$1.08.49 0.6 0.0 0.0 379.2 300.7 26.1 6343.1 ¥11740 31.12.88
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23. dQ ABB Assa Brown Bovert Swa/ 9045.9 641 24. 37 Sandor Swa/ 9011.3 433 28. 19 Hoschart Swa/ 6011.3 433 28. 19 Hoschart Swa/ 6011.3 433 28. 24 BASE Swa/ 601 432 29. 24 BASE Gay 3463.9 622	19 176320 0.0 0.0 5380 0.0 0.0 ∓10.1 y169450 *31.12.83 86 6948.8 5268.2 13.1 445.7 367.2 21.4 11.6 y48079 *31.12.83 13 2078.6 18678.7 0.0 2086.3 4571.5 0.0 21.6 164527 31.72.86 12 22173.6 20698.5 0.0 1888.2 1307.8 44.0 16.8 132056 31.12.86	183 224 Visg 228 68 2081.6 822 86 164 135 Black Chrick Industries	
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187 150 Mennes/Pane	33 10322.5 3415.0 22.6 377.8 205.8 63.6 72.8 121782 51.12.00 230 662.1 863.0 14.3 226.0 194.0 16.0 252.2 9677 31.12.00 34 3645.5 5877.6 2.4 700.0 640.5 46.3 194.3 9477 31.12.00 52 7012.8 7012.7 -12.2 333.4 294.5 10.3 25.8 9677 31.12.00	207 247 Unit of the second se	3557.6 \$901.8 4.8 158.1 148.0 8.8 25.4 38196 31.05.8 9672.0 2470.1 0.0 218.7 86.2 0.0 +18.6 95146 31.05.8 3095.8 4054.0 -18.4 181.0 151.2 7.5 7.7 953498 61.12.8 \$30,7 277.7 16.9 106.2 25.2 \$78.8 30.1 91878 61.12.8
112 P0 Aada Group Uk \$195.7 495 113 111 BET Lak \$187.5 171 1 114 116 Editrige Coppen Fra 244.9 611 1 110 129 STG Goppen Fra 244.9 651 1	94 4205.8 3823.8 10.8 352.9 354.8 14.5 29.1 50465 29.0.49 127 3270.5 3123.0 4.5 420.2 356.0 26.0 36.5 120225 31.03.09 128 3576.4 2942.0 14.9 557.7 396.4 85.8 26.5 92447 01.12.85 119 3059.6 3208.0 14.0 557.1 291.8 22.8 31.2 33546 31.12.85	272 395 Asho Dautache Kashaua Ger 1505.2 491 89 273 359 Heidelburger Zement Ger 1504.1 811 901 274 453 Baro Baro Baro 1289.3 511 201 275 313 Baro Pre 1289.1 616 61	44479 42185 5.4 70.8 100.9 24.7 448.0 0 51.03.69 980.2 884.5 16.9 88.9 112.2 -18.8 14.8 7118 61.12.69 1407.1 986.4 0.0 253.0 69.2 0.0 +23.6 99100 31.12.69 7180.0 3182.3 0.0 178.5 149.2 0.0 +23.6 99100 31.12.68
117 141 Tractabel Bat 3107.5 221 3 118 102 Wintertitur Versicherung Swi 2065.5 151 119 119 Bayerische Hypo. 5 Wichsel Bt Ger 3077.1 112 120 108 General Accident Wichsel Bt Uk 3020.5 151	\$16 \$01.5 \$31.8 \$25.5 \$201.3 \$42.5 \$7546 \$1.12.85 0 0.0 0.0 212.1 186.0 12.9 0.0 y15500 \$1.12.85 0 0.0 0.0 212.1 186.0 12.9 0.0 y155500 \$1.12.85 0 0.0 0.0 345.1 322.5 8.4 \$17.3 y15545 \$1.12.85 0 0.0 0.0 345.1 322.5 8.4 \$17.3 y15545 \$1.12.85 0 0.0 0.0 345.1 322.5 \$1.4 \$1.7.3 \$1.12.85	278 0 Schmeider (Groupe) Fra 1282.3 641 644 277 282 Aliss Cappeo Swei 1382.2 B66 266 278 145 Cappeo Swei 1382.2 B66 266 278 312 B4F Bank Ger 1275.7 412 146 279 312 B4F Bank Ger 1272.4 118 0 280 357 Provements Ger 1270.7 584 76	6001.5 4563.4 0.0 244.9 130.2 0.0 + 9.3 0 "31.12.86 1776.4 7725.9 11.2 178.4 147.8 77.5 24.2 1480.7 01.12.86 0.0 0.0 0.0 118.3 1508.4 58.5 17.4 67420 81.10.86 5774.5 5205.2 9.6 118.3 1508.0 8.8 0318.8 15237 61.12.86 5774.5 5205.2 9.6 70.9 53.7 61.9 0.0 y62317 61.12.86
125 109 Argyli Group	44 5053.2 6143.5 14.0 501.7 374.8 -15.5 11.4 97550 21.12.85 35 0053.5 4115.3 14.7 222.4 202.6 14.7 30.9 43500 21.12.85 42 6122.1 6400.8 13.4 683.9 620.0 30.2 22.8 944501 31.12.85 144 2569.7 202.0 27.2 503.6 267.2 13.3 50.7 287.9 61.03.89 72 6435.1 500.7 0.0 277.5 203.5 34.3 34.3 63365 91.04.89	281 370 Credit Comm de France France France 1287.3 112 0 282 453 France Jan 1267.1 171 21 285 6 Bergreen d.y. Group Nor 1200.0 308 308 294 222 United Newspapers Nor 1205.2 478 284 295 225 Peerf Group Uk 1205.2 147 0	0.0 0.0 0.0 191.5 98.1 23.5 (318.9 0 31.12.9) 16747 5 3610.8 0.0 200.6 98.3 0.0 4.0 y4468 731.12.9 208.7 244.0 17.5 94.6 98.3 0.0 4.0 y4468 731.12.8 1170.5 1112.7 5.2 197.5 94.5 12.7 58.3 14038 32.12.8 1170.5 0.0 0.0 94.3 440.5 12.7 58.3 14038 32.12.88 0.0 0.0 0.0 94.3 440.5 12.7 58.3 14038 32.12.88
130 85 Royal Insurance	0 0.0 0.0 0.0 271.9 271.4 0.0 654.5 10225 81.12.85 0 0.0 0.0 0.0 271.9 174.4 174.8 8.9 0.0 715965 51.12.87 0 0.0 0.0 0.0 43.2 41.8 4.5 0.0 75582 851.12.85 211 1855.5 1478.5 28.5 358.7 255.7 31.0 27.4 2501 751.12.85 0 0.0 0.0 0.0 348.9 423.5 14.5 0.0 15535 31.12.85	286 220 Electrowell Swit 1261.5 221 0 287 351 Beacher locationaria Swit 1264.5 151 0 288 351 Beacher locationaria Swit 1264.5 151 0 288 355 Stribe Lamo Wei 1244.5 652 338 289 255 Stribe Lamo Wei 1243.5 652 338 280 357 Stribe Lamo Wei 1223.8 112 0	0.0 0.0 0.0 42.1 40.5 3.8 6.2 919430 30.06.06 691.5 400.3 0.0 12.6 77.7 0.0 22.1 9400 - 31.18.06 0.0 0.0 0.0 105.2 47.5 23.6 8.0 544 31.08.06 0.0 0.0 107.2 92.5 15.8 60.3 544 31.08.06
134 231 Standle Forsekring	0 0.0 0.0 0.0 172.7 724.5 50.7 8.7 0 30.09.85 46 744.2 6670.3 8.8 80.2 487.7 19.0 81.8 970000 31.12.89 279 1244.8 1118.2 0.0 225.1 160.4 31.1 37.8 10667 31.12.89 0 0.0 0.0 0.0 181.7 201.9 201.9 0.0 6977 31.12.89 168 2467.6 1682.7 24.8 415.5 259.5 44.8 24.7 926507 21.12.89	201 305 Legrand Pra 12282 841 321 209 496 Mars Pra 12381 621 143 205 225 2271 Mars 1314.4 811 316 204 234 Database Na 1314.4 811 316 204 234 Database Uk 121.8.0 451 86 205 229 Graditanstall-Sankvertin Aus 1204.6 112 0	630.5 775.3 13.8 140.7 119.3 140. 28.4 11200 81,1200 2879.3 2000,1 12.5 65.8 67.5 16.2 18.0 19479 21.12,00 885.4 820.4 7.8 244.1 250.8 4.6 15.5 6 51,12,00 609.2 7766.8 10.0 154.7 143.8 4.6 6 51,12,00 0.0 0.0 0.0 24.0 37.5 5.6 17.7 2300 30,00,00
139 116 Banco Hispano Americano	0 0.0 0.0 0.0 479.8 553.7 254.4 64.4 18.8 27614 50.0 55 56 4185.7 510 553.7 254.4 64.4 18.8 27614 50.0 68 179 3738.3 3575.1 4.8 287.4 263.2 13.8 + 15.1 71579 51.12.85 0 0.0 0.0 0.0 0.0 494.5 51.0 0.0 634.4 715015 51.12.85 124 6161.5 2555.4 8.4 253.0 778.1 30.1 11.9 45351 31.12.85	286 0 Denvice — Denv 1200.6 451 S17 287 238 Booker Uk 1104.9 S91 140 209 232 Newsgattern Mixte . . This 1183.4 171 209 123 Schurfit, Johnson .	670.4 690.2 4.1 68.0 60.9 13.6 10.9 97107 90.04.06 2001.7 1991.3 0.0 204.5 107.7 03.6 40.7 1990.94.06 1051.2 1050.1 10.2 204.5 107.7 03.6 40.7 199030 31.12.89 1051.2 1050.1 10.2 201.5 107.7 03.6 40.7 199030 31.02.80 1052.1 770.0 0.0 100 100.2 50.8 40.7 199030 31.02.80
	90 4201.7 3964.1 14.7 426.8 31.4 11.8 253.8 68519 31.01.86 200 2204.2 2016.4 0.01.8 0.4 13.1 30.7 58719 31.01.86 40 8768.2 6827.8 44.4 13.1 30.7 58700 31.01.86 40 8768.2 6827.8 58.4 379.3 442.4 13.1 30.7 58700 31.01.26 287 984.3 612.1 22.9 507.3 287.4 14.3 15.1 150600 31.12.85 104 3594.7 5822.9 10.8 597.0 480.4 7.8 21.8 48700 31.03.89	Still 402 Novo-Nordstat Dan 1186.4 433 324 Still Still 502 Machin-Gerrin Pre 1186.1 941 227 Still Still 502 Machin-Gerrin Pre 1186.1 941 227 Still Still 502 Still 502 Still 502 Still 502 1172.7 214 147 Still 502 Still 502 Still 502 Still 502 1172.4 117 147 Still 502 Still 502 Den Dansitio Berk Den 1172.6 112 0	618.5 0.0 128.7 0.0 0.0 11.3 y7380 '51.12.85 1690.2 1456.3 18.6 118.3 80.4 94.0 20.4 y7380 '51.12.85 2870.1 28090.8 -2.7 118.7 87.4 94.0 28.4 y8132 71.72.85 2878.2 28094.8 -6.8 194.8 94.0 29.8 y7380 51.12.85 2878.2 28094.8 -6.8 194.8 94.0 29.8 y7380 51.12.85 2878.2 28094.8 -6.0 194.8 94.0 29.8 y7380 51.12.85 2878.2 28094.8 -2.7 118.7 61.0 11.8 y7380 51.12.85 2878.2 28094.8 -2.7 118.7 61.0 11.0
160 138 Reckitt 0. Colemen Uk 2537.3 451 18	0 0.0 0.0 0.0 345.9 313.1 6.7 621.9 714786 31.12.85 0 0.0 0.0 0.0 385.4 0.0 0.0 0.0 31.12.85 0 0.0 0.0 0.0 271.8 285.2 44.9 0.0 8255 31.12.85 141 2945.2 2949.3 0.2 415.4 423.4 -1,8 13.6 96553 37.12.85 187 314.47 2017.5 4.8 287.0 200.3 14.1 41.8 27700 81.12.85	000 304 Hachelta Fra. 1197.4 472 119 307 322 FNI Baboock Uk 1137.2 883 281 305 355 Selet Louis Group Fra. 1188.7 481 274 305 355 Selet Louis Group Berg 1182.7 171 0 319 355 Partick Fin 1182.8 311 285	2023.6 1401.0 44.2 197.5 78.4 122.7 195.6 199.96 31.12.00 1252.1 1261.4 452.9 204.5 209.9 49.2 25.1 7069 31.12.05 0.0 0.0 0.0 199.5 78.9 49.2 25.1 7069 31.22.05 1229.0 1062.4 21.7 123.0 50.4 43.7 22.6 11567 34.02.05
191 171 Seath-Solatia	59 6382.0 6382.0 6382.5 2.6 482.2 535.1 -10.1 17.2 48443 31.12.85 512 600.2 683.7 2.2 137.8 112.2 28.6 12.1 92886 31.12.85 0 0.0 0.0 642.9 286.2 37.4 698.0 60.1 10.4	311 285 Omergewre Fra. 1188.4 171 172 312 357 Kerk, Surve Grockp Uk. 1189.3 463 282 312 325 Status Uk. 1189.4 171 172 312 325 Status Uk. 1189.4 463 282 315 283 Status Uk. 1189.4 171 170 314 325 Andrid More 1189.7 471 180 314 325 Andrid More 1184.7 463 97 314 325 Andrid More 1184.0 961 172	2319.5 1900.4 44.9 171.2 148.5 16.4 16.9 22128 31.112.8 1444.6 1222.5 12.6 44.7 72.4 15.4 58.0 4488 37.05.8 2182.5 1910.1 12.6 175.8 110.0 46.7 24.4 1870 31.12.8 659.3 4660.6 32.3 88.2 64.7 0.7 10.8 96228 01.01.8 2380.3 2291.4 5.4 38.2 59.9 4.3 10.8 96228 01.01.8
155 129 Coramercial Unico Uk 2402.4 151 157 155 Ranks Hovis McCoogell Uk 2402.4 151 156 156 Ranks Hovis McCoogell Uk 2402.4 151 150 155 Unico Uk 2402.4 151 150 155 Unico Uk 2402.4 151 156 152 Uk 2402.4 151 151 152 162 Kansalits-Ocales-Panitid Fin 2363.4 112 160 Groupe Victoire Fin 2368.0 162	0 0.0 0.0 0.0 318.4 254.1 18.5 0.0 20057 31.12.89 165 2597.5 2597.2 8.1 349.2 180.3 34.9 36.8 38165 03.65.89 114 3858.1 3058.1 21.8 254.3 228.3 15.0 27.5 47004 31.12.89 0 0.0 0.0 0.0 228.3 197.4 19.2 622.3 96532 31.12.89 0 0.0 0.0 0.0 275.9 291.4 8.7 0.9 9623 31.12.89	316 275 845 671 200 317 282 Serielond International Uk 1110.0 401 101 316 275 Beglin-Gey Fm 1113.2 451 81 318 284 Minpey (George) Fm 1113.2 451 81 329 341 Cobrpa Bei 1105.3 112 0	1407.4 1330.4 4.8 157.9 140.3 17.1 14.8 20144 851.12.8 4107.1 4745.9 18.4 157.5 198.9 78.1 17.0 8108 81.12.8 5532.0 1398.3 0.0 195.8 193.3 0.0 14.8 7555 9108 9109 91.12.8 2533.4 2229.1 77.5 224.4 190.8 50.8 173.9 21.12.8 0.5 0.0 0.0 122.1 75.1 0.0 623.9 0 21.12.8

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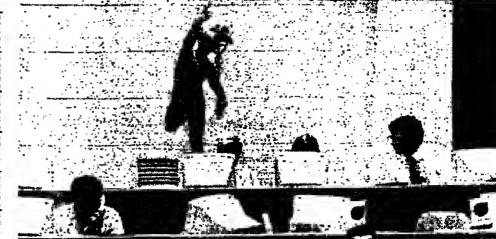
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FT TOP 500: Europe

Ranklag 1988 Company	Country	Martet Capital Ser		ek 786 year Sar	Last year \$m			est year So	per cent. chiloge	ROCE	Employees	1125 680	
521 258 Bank of Scotland		1103.2 1161.7	112 451 2	0.0 1675.9	1582.6	6.9 23	277.2	203.0	36.9	<33.0 29.1	14333 21864	28.02.89	
324 331 Bank of Ingland	Fra	1099.2 1094.7 1092.5	172	13 5265.0 0 0.0	0.0	42	122.4	87.1 147.0	40.5 17.0 27.0	23.1 @22.9 <23.3	y39686	31.12.55	
328 300 Pargess Holding	Sei	1000.0	122	0.0 0.0	0.0	0.0	#1.3	75.6	0.7	C23.3	0	31.03.88	
320 367 Colida	trail in the second sec	1080.8	151 171	0 00	0.0	6.0	45.8 33.7	25.1 31.0	75.A. 7.5	7.2	3310 0	31.12.68 731.12.88 731.03.89	
322 291 Generals Occidentale 330 353 Johnson Mitchily	Fra	1085.0 1081.1	641 1	22 2590.8 22 2222.4	2077,4	15.1	213.1 100-0	120.1	0.0	18,7	125030 6946	31.03.89	
331 243 Blue Arrow	Uk	1058.2	461 1	0 2155.8	00	69	116.6	452 141.4	90	50.1	7078	*51 10.89 51.12.58	· · · · · · · · · · · · · · · · · · ·
338 325 Polly Peck Interpetional	Het	1056.1	405 2	3 1901.7 5 1125.5	591.3	0.0	223.4	133.9	0.0	49.0	13681 y7420	31.12.88	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
335 0 Hoogovent	Net	1048.1	655 1	3531.1	2624,4	7.5	294.7	-72.6	382.2	11.7	y28308	81.12.88	**************************************
337 273 Celor Group	uk	1038.1	481 214 - 3 151	5 454.4 5 0.5	400.6	40	91.3 97.0	100.0	-6.7	0.0 20.4 0.0	65323 3596 72774	31.03.80	and the second
Ste 423 Nuovo Sanco Ambroelano . 540 418 Staetley		1032.9	112 811 3	0 0.0	0,0	0.0	154.2	731.4 \$3.0	57,7	21.5	13381 7385	31,12,08	
341 324 Banco Exterior	Son	1026.0	112	0.0 0.0	0.0	7.8	81,0	73.7	411	32.8	¥12295	31.12.40	
342 377 Lundberglorelegen		1024.2		0 0.0 5 2478.5	24/06 3	30	101.5	138.3	31.2	34.8 3.7 18.3	y2069 y27758	31.12.88	distant in the second se
345 490 Security Services	uk	1016.9	401 2	0 4119.6 0 .581.8		21.1 14 1	85.5 33.9	64.1 25.0	39.5 25.5	18.3 27.5	Y25003	31.01.09 \$0.09.98	
346 355 TI Group		1004.0		1469.0 H 2155.3		2223	132.6 190.8	96.7 146.1	37.1	38,4 24,8	20700	31,12,68	
348 361 Union y of Fends Espendi	Spe	991.A 390.4	151	0 0.0	0.0	22.3	40.9	34.9	17.A	0.0	y2500 17163	31.12.8	1/24.1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
350 356 Avis Europe	Uk	996.6		1 . 967.0 9 2028.7		28.1	111.0	84.7	31.0	32.8	6305	31.12.80	
352 280 Ferranti Internetional Signa 253 314 Beleradori	Ger	905.9 905.4 901.9	551 2	1 1636.2	1278.6	26.2 11,7	85.6	105.6	-17.6	15.4	y11268 24647 y17965	31.03.80	
64 348 Jeguer 50 396 Nederlandsche Middenstan	debk	900.2 979.7	401 2	0 1670.0	1556.1	7.3	73.8	150.6	-51.0	14.7	12035 y11781	31.12.88	Additions to th
52 415 Wereldheve	Net	879.7	161	0 0.0	0.0	0.0	86,4	\$1.7	14.9	0.0	40 973084	31.12.84 31.12.65	
58 352 Sevillana de Electricidad	Spe	973.2 968.1 995.2	321 2 221 2 622 3	1 1358.7	1222.4	-4.1 11.1 22.7	148.9 73.5 77.9	51.3 51.4	715.5 18.8 33.4	11.8 9.3 53.5 53	yees	31.12.58	Company
58 183 Storehouse	Uk	953.6	411 2	7 1595.3	1817.2	4.3	17.1	178.4	-0.2		34530	81.04.59	Banco Bilbao Vizcaya
62 352 United Paper Mills	Fin	961.4 959.9 955.4	652 2	0 3013.2 4 1425.0 0 0.0	1179.1	16.8	139.3 225.1 45.6	108.3	27.4	27.5	y9832	31.12.88	Repsoi
64 410 Wolters Klumer	Net	948.5	161 472 3 301 2	9 780,4	740.9	00 5.3 2.6	86.1 73.5	38.4 74.7 52.7	16.7 13.9 40.0	3.0 54.2 12.7	y/1942	31.12.80	Ferruzzi Finanzierie
68 441 Dumme	Fra	942.4	813 1	4 3395.5	2608.7	25.4	125.4	104.7	19.0	17.0	y28554	31.12.88	DSM
18 464 Lahroeyer	Ger	942.3 939.9 935.5	481 2 613 3 161		82.5	6.0	\$4.2 25.1 36.0	74.6	254 197	22.8 12.0 0.0	455 2564	\$1.12.88 \$30.06.58 "31.12.88	Compagnie industrielle
8 499 Coloniz Versicherung	Ger	934.7	161	0 00 0 00	0.0	0.0	43.9	21.1	103.9	0.0	4024	\$1.12.66	NFC
71 384 Club Mediterraties	Fin	932.2 \$25.5 \$25.0	444 3	6 951.a 5 1716.1	1563 5	55	40 A 230.7	61.1 86.6	-3.3 168.5 26.5	10.0 17.2	¥7684	31 10.54 31.12.65	Nordstiernan
74 0 Daily Mail & General Trust. 75 305 Laporte Industries	3wi Uk	\$25.6		0 0.0	0.0	11.4	28.8 33.6	23.0 49.0	-31.5	20	Y14570 13 4500	31 12.45 30.09.55 "01.01.89	Schneider (Groupe) Bergesen d.y. Group Denisco
8 385 Mo och Domejo	Set	923.9	861 1	2 2924.7	2590.4	19.8	146.0	257.4	-13.0	\$7.1 + 12.4	10714	31.12.68	Danisco
I STA CHYMNED KREINEROAR	Uk	922.5	464 3	7 1304.0	243.0	49.6	66.5 128.1	36.6	70.3	7.3	10015	31.12.68	MB Group
9 295 Warburg S.G. Group	uk	917.0 \$10.0	127 24	0 Q.D 5 1456.0	0.0	21	113.2	1726	-15.4	<31.3 77.8	2560 y11584	31.03.69	Daily Mail & General Truat
1 313 Walasiey	UK	910.0 909.4	811 2 112	2 1967.4	1517.0	31.0	101.5 34.4 105.1	110.0	22.5	35.2 64.5 16.8	13339 91450 11351	31.07.88	Blispedidon
3 425 Charter Consolidated	Warman Uk	907.4 905.7	611 3 484 2 566 2	2 721.2	145.0	24	64.3	45.1	22.7	15.4	11351 5395 13710	31.53.89 81.01.89	Hunter Douglas
3 385 Dowly Group	Ger	905.0		1062.3 3 4215.5	170.2	0.5	122.6	99.0 29.3	21.4	23.2	13710	31.01.80	Vard Dragados y Conatrucciones .
615 CEAO	Fre Lik	901.0	611 T	2 3466.6	2222 6	0.0	122.3	86.6 \$1.5	28.5 0.0 23.3	+263	124727	31.12.88	Pirelli & Company
426 Rugby Group	Sive Fra	897.2	811 33 504 21 662 21	2 1854.2 7 1290.1	624,1 1243,2 908,6	492	76.0	42.2	23.3 60.0 81.3	31.0	5975 9521 y5900	31.12.86	Volmec Software Groep
2 395 Bowater Industries	utik	404.6	851 16 152		1782.9	20.7	719.1	84 8 15.7	40.7	18.4	20300	31,12,88	Hoboken-Overpeit
3 350 T & N	Uk	895.5 894.3 878.8	591 23 613 21	2 1625.6	1492.2	0.1 22.2	141.0	120 0	14.1	37.4	40173	31.12.86	DAF
5 292 Willis Faber	Uk	808.8	142	0 0.0	0.0	0.0	84,4	94.6	-10.4	21.2	5310	31.12.88	U.E.I.
6 832 Rothschild J. Notologs 7 112 Nixdorf Computer 6 354 Reume-Repole	Uk Ger	- 106.2	531 12		0.0 2563.0	· 0.0 6.4 0.0	206.1	167.1	-71.9	16.1 2.5 18.8	¥9 1037	31.43.68	East Asiatic Company
0 0 Securicor Group	Fia Uk	863.5 861.0 860.9	861 18 406 32 303 24	6 2196.4 5 693.1 2 1594.3	1938.5 583.0 1428.1	16.8 3.3	195,4 42,4 190,7	16.1 31.1	344	18.8 26.5 12.9	y18547 38365 17565	31.12.86 30.06.85 31,12.85	Investment AB Cardo
01-257 Disons Group	Uk	857.1	495 12	2 2725.0	2608.1 208.7	45	121,7	201.3 160.1 72.3	-210	20.3 12.9	18474	20.04.89	JM Byggnads
02 327 Userg	Bel Met	851.0 840.1	691 22	7 810.0	1015.4	0.2 39.4 0.0	75.6 97.7 16.5	67.1	4.5 44.1 0.0	12.9 29.5 13.8	y3500 7633	11.12.65 11.12.65 31.12.65	Clyde Petroleum
0 Vard	Nor	648.9	665 12	6 3172.3	679.5 2715.4	0.0 16.8	46.3	12.7 46.1	2.6	4.3	33800	31.12.86	Greenali Whitiey
16 284 Bonzi	Lik	887.0 885.3	862 10 311 27	1234.2	2285.1 954.0	18.6	144.9 85.5 74.7	133.1	0.0 38.1 44.0	24.3 36.8	18195	31.12.55	Ecco
16 424 heiges		834.3	222 21 5956 26 406 36	1205.4	1874.6	17.5	105.4	50.3	44.0	21.5	15541	51.12.87	Kloeckner-Humboid-Deutz Gr Hussel Holdings
1 0 Dragados y Construcciones	1.fk	821.7 819.0	406 35		255.9	18.0	70.7	54.7	29.3	40.7	1798 y12290	31.03.89	Redoute (La)
2 481 Copenhagen Handelebank	Spe Den	816.3 311.4	112 305 35	0.0	1136.0 0.0 305.4	43 83 73	28.5 166.2 72.2	253 28.0 69.2	120 494,1 22,1	C19.1	y6319	31.12.66	Getagruppen
333 Baer Holdings		611.4 - 808.1	112	0.0	0.0	0.0	40.0	42.2	-6.5	18.6 10.7	y1285	81.12.88	Elkern
8 371 Hepworth Ceretais Holdings		0.406	611 31	895.7	645.0	38.9 0.0	134.0	\$3.5	43.3	34.2	HUSSS	31.12.08	Premier Consolidated Olifiek Baltica Holdings
1 393 Biatoo	Bel	· 802.0 797.9		0.0	1582.4	0.0	108.1	472 38.5	6.0	+ 16.0	YIES	31.12.88	Italcable
0 419 Bongraht	Net	796.6	482 36 461 31	6 899.5	183.0 637.7	7.4	53.3 64.2	43.1	\$.8	120.5	y2697 0166	31.12.86	Linotype
1 487 Confignat	Ger	792.6 790.5	221 36 602 22	1730.1	151.7 1515.8	43	277	24.7	11.8	72 18.9 6.7	427 910-02	30.00.06	
22. 0 Habokan-Overpett	Sel ·	788.5	634 25	704.5	1171.0	21.4	26.8	19.6	0.0 36.4 37.4	6.7 36.0 6.7	6798 7155	30.00.00	
26 435 NEW	Ger Uk	785.0		\$46.2	845.2	0.0	75.6	81.9	0.0		14130	28.01.00	European eo
7 455 Vereine- und Weetbenk	6er	788.5 784.3 782.6	112	0.0	659.5 0.0 1004.7	8.5	57.5	61.4	61.1 -17.1 149.2	37.2 16.8 19.7	y3945	\$1.12.85	· · · · · · · · · · · · · · · · · · ·
9 375 DRG	Cler	720.5	653 28 662 28 621 30	T199.5 827.0	1128.0	8.2	- 44.1	78.0	15.9	23.3	12979	31.12.8	
11 479 Osterreichische Landerbank. 12 335 Unico Electrica Fences	Aus .	.770.6		. 0.0.	0.0	.0.0	14.1 .	14.4 .	42	CALA .	ydens. ydens. 19674	31,12.68	Analy
235 Unico Hectrica Fences		764.2 763.4	475 6 461 30	5864.6	6140.1 198.9	-10	314.5	77.1 182.7 23.1	112	91.2 44.1	16574	31,12,65 30,09,55 31,12,65	Mildiv
6 374 BIC	Fra -	751.8	408 332	\$55.7	812,5	12.4	106.3	103.2	0.0	16.5	y7150	31,32.88	
6 0 DAF 7 347 Savoy Hotel 8 345 Beaum C.H. Holdings	Net	780.7	401 177 464 300 615 196	116.7	1564_8 115.0 1604.0	1.4	68.1 10.5	24.7	-124	12.8	27781	31,12.86	IT WAS Europe's year,
38. 345 Beenn C.H. Holdinge	Uk	758.6	613 19	2065,8	D.PUOF	36.0	178.1	112.3	58.6	31.7	10326	30.06.86	dambs about 14 December 1001



S Mercuria: times: th Norwegian stock market ros by 56.9 per cent during the r, and was Europe's mos durable performer. The experience reflected the country's business rec after several years of

Pictura of the Osio Stock Exchanga: Alan Harpor

he European Top 500

Departures from the European Top 500

ралу	Cntry.	This year	Sector	Company	Cntry.	Last	Sector
co Bilbao Vizcaya	Spa	31	112	Rowntree	Uk	63	451
soi	Spa	56	213	Banco de Bilbao	Spa	77	112
sh Steel	Lik	73	633	Banco de Vizcaya	Spa	78	112
uzzi Finanzierie	Ite	147	171	AEG	Ge7	163	551
upe Victoire	Fra	160	152	Iniziativa Mete	Ita	224	171
	Net	173	622	Metal Box	UK	249	671
pagnie industrielle	F7a	259	121	Associated Newspapers Hidgs	UK	272	472
	Uk	264	302	Alcatel (Cie Financiero)	F73	261	533
B Packaging	Fre	265	672	Philips Kemmunikations Ind	Ger	301	533
dstjernan	Swe	268	171	Waterlerd Glass	Iza	362	402
nelder (Groupe)	Fre	276	541	Carnaud	F70	373	671
gesen d.y. Group	Nor	283	303	Ratos	Swe	386	171
1800	Den	296	451	Magnet	Lik	399	611
govens	Net	335	633	Electra do Viesgo	Soa	403	221
Group	Uk	347	171	Yale and Valor	Lik	406	591
y Mail & General Truat	Lik	374			Uk	409	591
			121	Gevaart Photo-Producten	Bel	412	621
pedidon	Swe	389	304	Helvelia Feuer/Unfall	Swi	415	152
uricor Group	Uk	399	406				121
ter Douglas	Net	403	591	Hambros	Uk	417	
S	Nor	404	303	Mountleigh Group	Lik	420	161
gados y Conatrucciones	Spa	411	611	Harria Queensway Group	Uk	430	491
li & Company	Ita	415	121	Meyer International	Uk	437	611
noc Software Groep	Nel	419	482	Pentiend Industries	Uk	440	171
	Ger	422	652	Caledonia Investments	Uk	443	131
oken-Overpeit	Beł	423	634	Institut Merioux	F78	449	433
ca Lelaure	Uk	434	461	Dawson International	Uk	450	411
	Net	436	401	Lex Service Group	Uk	452	571
	Uk	441	551	Huhtamaeki	Fin	453	452
01	Fin	446	452	Sofine	Bel	454	221
Asiatic Company	Den	451	591	Wilson (Connolly) Holdings	Uk	458	613
stment AB Cardo	Swe	453	171	Pleasurema	Uk	462	461
Byggnads	Swe	454	613	London Internetional Group ,	Uk	465	431
el Nedlloyd Group	Nel	458	303	Ibstock Jehnson	Uk	467	611
e Petroieum	Lik	459	213	Gotabanken	Swe	469	112
enali Whitiey	Uk	462	421	First National Finance	Uk	472	122
Kugelfischer	Ge7	465	566	Gotthard Bank	Swl	473	112
	Fre	469	481	Barratt Developments	Uk	476	614
ckner-Humboid-Deutz Group	Ger	478	566	Giat-brocades	Not	477	433
sel Heidings	Gar	480	491	Transport Development Group	Uk	480	302
oute (La)	Fra	484	491	Atlenic Computers	Lik	483	482
	Swe	485	121	Jeimoir	Swi	485	491
ptoirs Modernes	F7e	490	495	Aar et Tessin	Swi	486	221
	Nor	494	634	Sociele Auxillere d'Entraprise	Fra	492	613
nier Consolidated Olifielda	Lik	495	213	London and Manchester Group	Lik	494	141
ica Hoidings	Den	496	151	Mowiam (John)	Uk	495	613
able	fta	498	223	Ferbo	Swi	497	406
		500			Swi	498	491
туре	Ger	500	551	Globus	COMI		-+0

quities: Jeffrey Brown sums up a year that saw . . .

sts caught on the hop

doubt about it. Booming econo-31.12.88 mies, huoyed by relaxed mone-

European profitability: FT Top 500 By sector (Comp) number of companies % change Alectait manufacturers (1) 73.6% Commercial banks (52) Financial services (3) 63.F% Transport/Storage & warehousing (16) Mining & Extractive Inds (comp) (13) . P. P. P. S 50.3% Paper & paper products (12) Forestry products (6) A5.2% OI - petroleum products (4) 13.2% Business services (5) Restaurants & hotels (7) Household duebles/Cons goods (5) 37.7% Feb metal products & containers (3) 36.0% Entertainment & leisure/Photo (6) 35.3% 34.5% Real estate (14) 34.1% Machinery (composite) (20) Diversified industrial (manu) (10) Construction (11) 32.9% Wholesale - non durables (2) 32.5% 31.4% Aerospace/Delance electronics (3) 29.4% Diversified holding companies (22) Construction & building material (24) Insurance - Me/Agents & brokers (6) 27.2% Health care/Coemetics (5) 28.9% Chamicals (diversified) (19) 28.5% Electrical equipment (10) 25.5% Advertising (2) 24.5% Computer software (1) 23.7% 'e... Beverages/Tobecco (13) 23.4% Insurance - multiline/property (34) 22.0% Auto parts/Tyre & rubber goods (7) 22.5% Automobiles (11) 22.0% Broadcasting media (1) 20.5% ·· ·. Retail - grocery cheins (9) 20.2% Percentage Chemicals (8) 17.1% change 15.8% based on Drugs (10) 15.3% 14.3% 12.5% Communications & office equip (4) pre-tax Electronics/Instrumentation (13) profits Retail - druge/misc/speciality (9) June 1958 11.7% 11.5% 7.3% 7.1% 7.0% Food processors (22) 10 June 1969 Publishing inc newspepers (9) Netural gas utilities (2) Telephone companies (4) Retail - dept store/gen merch (16) Electric utilities (18) 46.1% -0.6% Financial institutions (11) -3.1% Of - International/crude producers (12) -15.5% Heavy engineering & shipbuilding (4) -36.5% Apparel/Textile products (1) -48.5% Computers (1)

fered from too much success in the preceding year, when it had topped the FT500 charts

Ш 3

at 42 Columnation CBi,		Harmer Fills					-						3	
A 42 Charmentos (2R) Fill	43 488 Albassente (La)	100 .	744.7	481	215	1853.7	1716.1	a.c	66.7	66.6	12	10.8	12000	31.12.86
B. d. Cultur - org The File Size Size <thsize< th=""> Size Size</thsize<>	144 440 Chappendary CON									65.5	100 7	215	-	31 12 88
B. d. Cultur - org The File Size Size <thsize< th=""> Size Size</thsize<>	44 ACC CONTRACTOR COLI		T DOG											
B. d. Cultur - org The File Size Size <thsize< th=""> Size Size</thsize<>	45 391 Wartene	Fill	743.1		204	1349.0	7034,7	21.2		a.,		6-0	12006	01.12.00
Constructure Disc TRB 2002.3 1002.3			740.0			0.00	1000		67.4		170.0	47.4		
Constructure Disc TRB 2002.3 1002.3			110.0				DIEZ							
Constructure Disc TRB 2002.3 1002.3	7 385 Delta Group	UK				1018,1			116.0					
Constructure Disc TRB 2002.3 1002.3	A AM Constant	Runa.	714.8	622	330	755.0	634.7	21.1	81.0	64.4	41.4	30.7	5887	81.05.88
Constructure Disc TRB 2002.3 1002.3														
Constructure Disc TRB 2002.3 1002.3	# 213 Receiv-Minimuscharche many *****	States and States										9.4.1		
G TD All Division OLE 0077 001 000 001	S 500 Frintemot (Groute)	Fra	709.3	491	111	3751.2	2551.0	0.0	Ø1.6	46.9	0.0	26.5	1000	31.12.65
G TD All Division OLE 0077 001 000 001					-						_			
G TD All Division OLE 0077 001 000 001	5) 6 East Asiatio Company	Der '		- 581										
G TD All Division OLE 0077 001 000 001	the set Coulde General	1 He	700.3	622	293	1034.4	955 9	87	76.5	202	5.5	30.8	67.00	31.03.02
G TD All Division OLE 0077 001 000 001		Contraction of the local division of the loc												
G TD All Division OLE 0077 001 000 001	A D DIVERDMENT AD CROOD													
Webs Column	4 0 JM Byggggeds								23.2					
Webs Column	5 170 Amairad	Like	657.7	661	502	971.1	754.7	22.3	249.1	210.7	18.2	8.0	1424	30.06.65
Webs Column														
Value Control Burgles Last Control Burgles Dial Control Burgles C	8 406 Banca della Subzara Ital	3ml	656.0	112	0	0.0	0.0	0.0	36.4	35.1	3.7	6110.6	¥1802	31.12.65
6 6 Cycle Statistics 21522 21622 21622 37.12 0 Cycle Statistics Print 67.1 25.2 11.4 -50.4 64.4 7.1 7.1 7.1 7.1 8.0 2.5 11.4 -50.4 64.4 7.1 <td< td=""><td>1 484 Codes Group</td><td>Dem</td><td>680.7</td><td></td><td>ě.</td><td>0.0</td><td>0.0</td><td>6.0</td><td></td><td></td><td>22.5</td><td></td><td>10.00</td><td>31.12.86</td></td<>	1 484 Codes Group	Dem	680.7		ě.	0.0	0.0	6.0			22.5		10.00	31.12.86
6 6 Cycle parameters Agecha Fra 671.1 223 10.0 21.0 10.0 21.0 10.0 21.0 10.0 21.0 10.0 21.0 10.0 21.0 10.0 21.0 10.0 21.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.0 20.0 10.	ADA COORIS CHOOD	Street, Louis												
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1 471 Exellor Frag 671.3 681.3 687.1 0.3 64.1 84.8 0.0 22.2 1392 61.1 0 Groups 690.0 2.7 70.8 60.0 2.7 70.8 60.0 2.7 70.8 60.1 70.7 70.0 70.8 70.0	b 504 Elegendere Aderba	Fra							350.8	342.1	0.0	+113		31.12.00
1 471 Estilor Frag 671.3 681.3 684.1 0.0 684.1 681.3 601.3 671.3 681.3 671.3	A TRA CHIMINALA LA CONTRACTOR	The second se			_									
3 995 Landis & Dyr String 681.1 641.221 177.3 998.0 25.7 37.0 25.4 -27. 0.0 y1745 707.44 707.74	1 APT Feellow	6m	\$71.7	431	335	646.5	557.1	0.0	64.1	64.8	0.0	22.8	12882	61.12.88
3 995 Landis & Dyr String 681.1 641.221 177.3 998.0 25.7 37.0 25.4 -27. 0.0 y1745 707.44 707.74								0.0						
0 470 Carriers Burgo 680 660.3 652 280 1000.7 640.1 12.0 640.0 62.2 41.3 17.3 yf5789 31.12 7 506 Morgan Carniteli Uk 647.6 121.6 0.0 0.0 0.0 52.5 83.3 -60.8 63.1 34.00 31.12 34.00 101.4 2.5 83.1 -10.0 81.2 21.5 100.4 2.2 100.6 0.0 0.0 0.0 0.0 31.7 24.6 27.0 4.4 660.3 100.7 100.4 10.4 2.5 25.5 27.0 4.4 660.3 100.7 100.4 10.4 24.5 27.0 4.4 660.3 100.7 100.4 12.5 70.0 43.2 25.0 27.0 4.4 100.7 100.7 100.4 10.3 44.0 80.4 24.7 71.8 72.4 12.2 23.5 24.5 24.5 24.5 24.5 24.5 24.5 24.5 24.5 24.5 24.5 24.5 24.5 24.5 24.5 24.5	NO D CARGONICH THE MAN	The second se												
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0 470 Carriery Burgo 680 660 660 622 41.5 77.8 96.7 94.1 12.0 64.0 62.2 41.5 77.8 96.7 94.1 12.0 64.0 62.2 41.5 77.8 97.78 97.72 3 600 Morgan Garantell Uk 647.6 121 6 0.0 0.0 0.0 62.5 83.3 40.8 66.1 34.00 31.23 3 400 Graycoat Group Uk 665.8 157 0 0.0 0.0 0.0 33.7 24.5 27.0 4.4 665 31.03.2 4 405 Softingg Uk 662.0 344 444.4 58.4 24.7 31.8 72.4 12.3 23.1 670 12.7 13.47 13.6 72.4 12.3 23.5 30.0 0.	a soo Resilient Kook and Light	Ger	500.0	221	278	1219.0	1217 5	0.1	83.6	181.1	-17.4	5.4	¥7477	STO .06.85
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Ora Carriero Burgo No 646.3 662 200 7 642.7 12.0 64.0 62.2 41.5 77.8 yf5789 31.12 3 00 Morgan Garantell Uk 647.6 121 0 0.0 0.0 0.0 52.5 83.3 -63.8 66.1 34007 31.23 3 65 Morgan Garantell Uk 645.8 151 0 0 0.0 0.0 0.0 33.7 24.5 27.0 4.4 66.3 103.1 4 65 Softingg Fra 633.8 161 0 0 0.0 0.0 0.0 43.3 27.0 4.4 66.3 103.1 4 65 Softingg Uk 633.8 161 0 0 0.0 0.0 43.3 43.4 24.1 28.5 28.4 28.4 17.7 10.0 83.2 28.4 28.5	AND Meanager	Not	653.9	401	20.0	1708.2	1022.2	6.2	81.0	55.5	11.4	17.4	5654	31,12,88
Ora Carriero Burgo No 646.3 662 200 7 642.7 12.0 64.0 62.2 41.5 77.8 yf5789 31.12 3 00 Morgan Garantell Uk 647.6 121 0 0.0 0.0 0.0 52.5 83.3 -63.8 66.1 34007 31.23 3 65 Morgan Garantell Uk 645.8 151 0 0 0.0 0.0 0.0 33.7 24.5 27.0 4.4 66.3 103.1 4 65 Softingg Fra 633.8 161 0 0 0.0 0.0 0.0 43.3 27.0 4.4 66.3 103.1 4 65 Softingg Uk 633.8 161 0 0 0.0 0.0 43.3 43.4 24.1 28.5 28.4 28.4 17.7 10.0 83.2 28.4 28.5	A. Com	E					0.0		0.0	0.0				
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2 356 Morendo Morendo Classes Morendo Classes	0 4/4 Camera Burgo	The second se	0.00	OD5	200	1.000	844.1	120		04.4	-1-9		304.30	31, 12.00
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10 USE LA VOID USE LA VOID <td< td=""><td>2 354 Nonzol</td><td> Uk</td><td>643.9</td><td>582</td><td>310</td><td>922.3</td><td>1069.4</td><td>-12.8</td><td></td><td></td><td>2.5</td><td>6.8</td><td>11677</td><td>31.03.09</td></td<>	2 354 Nonzol	Uk	643.9	582	310	922.3	1069.4	-12.8			2.5	6.8	11677	31.03.09
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	a 44 Sommer Allford	Fra	595.8	402	205	1908.0	904 2	30.6	92.7	61.1	14.5	25.0	¥12044	31.12.45
			695.2	551	355	306.8	280.1	18.7	84	40.9	15.3	34.3	¥2376	81.12.65

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tary conditions bushed share 31.12.00 rices up, as business leaders rew ever more optimistic. If here was a catch-phrase on veryhody's lips, it was 'Onward to 1992".

Most share markets could tot put a foot wrong. Company profits and dividends were in a trong uptrend. Takeover ctivity, shrugging off the after ffects of the 1987 crash, was gain a force to be reckoned rith; and, with bond markets anguishing, investors were irmly committed to equities of

very hue. The FT-Actuaries European idex, excluding the UK. dvanced by more than around 5 per cent in the 12 months to he end of June 1989, to outper orm the FT-A World Index by ome nine percentage points. It vent into July 1988 at just bove 85, and closed a year

eter in excess of 106. Out of the 13 European ainland stock markets covred hy the FT-Actuaries forld Indices, seven markets arned in a substantially better erformance than the Euroean index. The leading three dvanced by more than 50 per ent, with the ontright winner, forway, chalking up a gain of o less than 56.9 per cent.

All European stock markets nade progress, sithough Spein, mp just 0.1 per cent over the 12 nonths, only just managed to queak in on the right side of the balance sheet. To some extent, the back-markers -Spain, Denmark and Ireland -all suffered from earlier resillence. They were, respectively, the three best performing stock markets over the 1987-88 FT

Top 500 year. But the overriding feature of the year was the strong surge in share prices, and the fact that, by June 1989, most national equity indices had recovered to reach levels seen before the traumatic events of October 1987. In this respect, it was a year that caught most analysts on the hop. Events moved swiftly. In the

immediate aftermath of the 1987 crash, most investment houses had predicted little or no profits growth in West Ger-many for the caleodar year 1988. But by mid-summer, the beginning of the FT500 year, analysts had been forced into a dramatic U-turn. In the space of six months,

forecasts for German earnings for 1988 went from minus a few percentage points to plus-12 per cent. Even that proved a substantial underestimate, because German profits even-tually staged 1988 growth of around 15 per cent, and, on the back of very strong export demand, the uptrend spilled fun.

over strongly into 1989.

durable performer over the FT500 year, narrowly forcing By the second quarter of 1989, however, a number of Austria into second place. The clouds had begun to gather. winners laurels look deserved. The dollar was again sending shivers through the currency markets, depressing the Deut-sche Mark and bringing addi-The Norwegian experience was one of business recovery after several years of recession. Strong oil prices were an undoubted bonus but most of tional inflationary pressure. Interest rates, which had been the progress was the result of stable across Europe, began their long defensive climb. sound economic management. Two numbers stand ont: As the FT500 year drew to a

inflation, which was running at almost 9 per cent in 1987, had clawed back to under 4.5 close, it was clear that a num-ber of European economies had begun the inevitable cyclical per cent by January-June, 1989; swing from over-heating to slowdown. By June this year, a while GDP, having barely ticked over for two years, great deal of optimism had been drained from equities. sprang back to life, growing hy some 2.5 per cent over the course of the FT500 year. Yet, while it lasted, it had been At the other end of the league table, Spain partly suf-

Norway proved the most

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with 18 per cent growth against minus-15.7 for the FT-Actuaries Europe index. The international fund manager simply moved on, despite com-pany profits growth of around 25 per cent and a high level of takeover activity.

There were obvious prob-lems with an over-heated economy. Spain's inflation rate was 4.8 per cent in 1988. A year later, it had jumped to 6.5 per cent; and, although inflation is theoretically good for equities, foreign investors thought otherwice. With the current account deficit closing in on 3 per cent of gross domestic product, the Spanish authori-ties applied the economic brakes with a vengeance in the early part of 1989.

France, with a gain of 33.9 per cent, was the best served of the major European stock mar-kets, finishing comfortably shead of Germany and almost 10 percentage points up on Italy. Earnings growth was remarkable, running above a fifth for most of the FT500 year; and, with inflation down to a relatively nominal 2.75 per cent, it was a year which did much to restore the credibility of French industry.

But it was takeover activity that stole the limelight as, one after another, whole sectors underwent a radical restructur-ing. The LVMH merger set a pace which rarely elackened throughout the 12 months.

■ One of the previous year'e worst laggards, the West Ger-man equity market, staged a 27.5 per cent advance, pro-pelled by rapid industrial output and fast-rising earnings. It is not often that German indus-try gets the chance of a period of lax money, and it made hay while it could.

It was an export-led perfor-mance, and the boom reached its zenith in the first and second quarters of 1989 - the second half of the FT500 year when the German economy grew by no less than 4.5 per cent and 4.9 per cent respectively.

■ Italy also had plenty of catching up to do from the preceding year, when the stock market had tumbled by some 26 per cent. But the Italian experience, a gain of 24.2 per cent, was mostly confined to 1988, with trading during January to June this year very volatile.

Profits growth, which surged to 25 per cent in 1988, tailed off sharply thereafter; the broad economy began to deteriorate rapidly, and equities suffered from a stream of heavy cash-calls from the Italian corporate sector.

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Biggest profit increases:	Europe		Biggest profit decreases; Europe
Company Cntry. Sect	% Profit		Company Cntry. Sector Rank de
1 Eikem Nor 63 2 Copenhagen Handelsbank Den 11 8 Lloyds Bank Uk 11 4 Hoogovens Net 63	334 495 548.3 112 413 494.1 112 77 483.9 333 335 382.2 331 270 379.3		1 Wartsita Fin 592 445 2 Storehouse Uk 491 360 3 Nixdorf Computer Ger \$31 397 4 Kteinwort Benson Group Uk 121 493 5 De La Rua Uk 472 478
8 Barclays Uk 11 7 British Aerospace Uk 52 8 Midland Bank Uk 11 9 Standard Chartered Uk 11	12 30 277.0 323 143 248.4 112 86 237.2 112 204 225.1 112 204 204.2		8 LASMO Uk 213 211 7 Pharmacia Swe 433 219 3 Jaguar Uk 401 354 9 Ciyde Petroleum Uk 213 480 10 Morgan Grenfell Uk 121 472
11 Metsa-Seria Fin 65 12 Hufvudstaden Swe 16 13 Bekaert Bel 63 14 Cultor Fin 45	352 372 168.5 061. 200 146.5 333 429 142.2 552 447 135.8 863 307 122.1		11 Saint Louis Group Fra. 451 308 12 Premier Consolidated Olifield. Uk. 213 496 13 Coats Viyella Uk. 412 275 14 Daily Mail & General Trust Uk. 121 374 15 Skandla Forsakring Swe 152 134
18 Trelleborg Swe 56 17 Sampo Insurance Company Fin 15 18 Oerlikon-Buehrle Swi 52 19 Sun Alliance & London Insur. Uk 15	66 242 120.6 51 382 118.8 521 343 117.7 51 103 117.1 521 357 115.5		18 Asko Deutsche Kaufhaus Ger 491 272 17 Sanofi Fra. 433 180 18 Naxt Uk 495 441 19 Dixons Group Uk 495 401 20 Karstadt Ger 491 185
21 Gotagruppen Swe 12 22 Cimenteries CBR Bel 61 23 Colonia Versicherung Ger 15 24 Rosehaugh Uk 18	21 486 110.1 511 445 109.7 51 370 103.9 81 492 100.9	A Tomado production line at British Aerospace. The company showed one of Europe's biggest profit increases	21 Sedgwick Group Uk 142 229 22 Bank Ley Swi 112 362 23 Heidelberger Zement Ger 611 273 24 Pirelii Internationale Swi 481 336 25 Olivetti Ita 534 121

FT TOP 500: Europe

MERGERS & ACQUISITIONS: Nikki Tait on the impetus of 1992 on the European scene, where ...

France and US set the pace

IF A single theme has dominated the bids and deals scene throughout Europe dur-ing 1989, it has been the growing realisation that "1992" is set to become some sort of reality, and that steps should be n in advance.

This has shown up most crudely in the statistics for European merger and acquisttion activity. According to the Translink European Deal Review, there was an apprecia-ble surge in cross-border acqui-sitions in the late spring, with the May figure rising to £1.5bn (\$2.3bn), up from £1.2bn in the previous month and a monthly sverage of around £1.1bn in the first quarter

The trend has become even more pronounced since then. By the half-year, the total figure for cross-border acquisitions in Europe was put at Ecul5.4bn (\$13.5bn), but in the third quarter alone transactions worth another Ecu18.2bn are reckoned to have been added. By end-September, therefore, the total value of cross-border European deals in 1989 was a befty Ecu33.6bn.

Certain countries have been appreciably more active than others. The US and France have tended to jockey for posi-tion as the major cross-border acquirers within Europe, fol-lowed by Britain. In the first six months of 1989, for exam-

ple, the value of deals under-taken by French companies totalled Ecu4.1bn, with the US coming in just behind with a deal total of Ecu3.61bn. In the third quarter, however, spending by American companies surged to Ecu6.5bn - over one-third of the total - while the French managed a more modest Ecu3.72bn, or a 20 per cent share.

These two countries have generally been followed by the UK, deploying Ecu3.26bn in the first six months. At the halfyear stage, italy and Sweden fell into fourth and fifth place respectively, but with the aggregate spend dropping quite sharply in both cases. Japan, ranking sixth, forked out only Ecu531bn on European deals. The pattern for target coun-tries, in which this expenditure has been deployed, looks rather different. Here, the UK has tended to be the most pop-ular recipient. It was the target

for almost half the total money spent in the nine-month period - easily outstripping West Germany (14.1 per cent), Italy (11.5 per cent) and France (9.7

per cent). Looking behind the statistics, certain patterns have become clear. On the acquir-ers' side, the high showing by French companies confirms 8 clear impression that, of all the continental European coun-

tries, France has been the most adept and willing to adopt the "Anglo-Saxon" financial model. So far as predatory action by US companies is concerned, two very different forces appear to have been at work. The first, and more honourable, motive seems to a genuine desire on the part of some companies to secure a position

whether a toehold or a bolstering of existing interests -in Europe before "1992" dawns. But some of the US activity has had a less sanitised image. Involvement by the New York financial community - rang-ing from leveraged huy-out merchants, through the arbitrage sector to certain individual predators - in Europe has been noticeably more pro-nounced over the past 18 months. On the latter score, one could cite the likes of Asher Edelman (waging a pho-ney war with Storehouse), Jeffrey Steiner (bidding for Avdel), Ronald Franklin (win-ning DRG), the buy-in by Messers Nelson Peliz and Peter May at Mountleigh - all active in the most accessible market, the UK.

Pethaps the reasons for this wave of interest were set out most plainly hy Sir James Goldsmith, when he announced plans to retread the UK acquisition trail early in the year. Prices in the US, ha

claimed had become prohibito take a pragmatic line. tively expensive, as a result largely of the leveraged buyout/buy-in movement. Compe-tition from this flood of institutional money meant that deal price were driven higher and higher. The UK held greater opportunities. Similar thinking as been ech-

oed by other US predators -spreading their wings to the UK in particular, hut also to European generally. But it has not been without problems.

Their difficulties with the fairly accessible UK market have centred on the dominant role played by the institutions - the insurance companies and pension funds which own more than three-quarters of the equity market.

A strong reluctance in certain quarters to see US leverage-type bid methods imported has provoked some fierce rear-guard action. This was demonstrated perhaps most forcefully in the institutional pressure on BAT Industries to produce a solution which would allow fund managers to snub a Gold-smith cash bid for the tobaccobased conglomerate. That said, such reservations are not universal, and the eventual success of the Pembridge hid for DRG suggests that institutions are by no means unanimous in their resistance, and can, at the end of the day, be obliged

In Europe, the opportunities are curtailed principally by the structure of equity holdings and the undeveloped takeover instances is effectively negotia-ting on the same basis as if it procedure in some countries. Attempts to produce a "com-mon takeover code", in many respects not dissimilar to the UK model, chug slowly through Brussels, with the UK's concerns centring largely

on protection of its non-statu-tory bid regulatory system. But, as many practitioners point out, the notion of "common rules" is rendered slightly academic until very considerable disparities in the vulnera-bility of companies to takeover in the different European nations is ironed out. This issue - the "level playing field" - has been raised most recently in a report by Coopers & Lybrand, undertaken for the British Government.

It concludes, fairly forcibly, that Britain has been by far the most active market in which cross-border acquisitions have taken place - Coopers reckons it was the target of 73 per cent of activity in 1988 - and attributes this to the fact that "UK listed companies are appreciably more open to acquisition than their counterparts in other EC countries." It makes the point that s would be acquirer seeking to take over a quoted company on

was acquiring 8 private husi-pess. "As a result, the would-be acquirer is in a weak negotia-ting position," it comments. Whether other European countries can, or wish to, quickly dismantle such barriers - which range from complex shareholding structures and low disclosure requirements to Dutch-style "poison pills" - is a moot point. Arguments then encompass the thorny issue of the extent to which an open equity market, and ready opportunities for hostile bid activity, promotes the broader industrial good.

Meanwhile, it is worth not-ing that that much of the recent cross-border bid activity has centred on certain sectors. In the first half-year, transaction in the food and food-retailing sectors accounted for over one-fifth of the total value of deals struck, Banking/financial services and construction/building meterials followed, with around 10 per cent

the Continent in many

apiece At the other end of the list, sectors such as leisure, media, packaging, and services each accounted for 1 per cent of less of the total. And that seems to suggest that the scope for pan-European bid activity remains considerable.

Company	Cntry.	Sector	Rank	decrees
Wartsila Storehouse Nixdorf Computer Kleinwort Benson Group De La Rua	Ger Uk	592 491 531 121 472	445 360 397 493 478	57.
LASMO	Swe Uk Uk	213 433 401 213 121	211 219 354 460 472	-
Saint Louis Group Premier Consolidated Olffeld Coats Viyella Dally Mail & General Trust Skandla Faraakring	Uk Uk	451 213 412 121 152	305 495 278 374 134	43. 40. 36. 31. 25.
Asko Deutsche Kaufhaus Sanofi Next	Fra. Uk Uk	491 433 495 495 491	272 180 441 188	24. 24. 24. 24. 23.
Sedgwick Group Bank Ley Heidelberger Zement Pirelli Internationale Olivetti	Swi Ger Swi	142 112 611 481 534	229 362 273 336 121	22.1 20.1 19.1 19.1 19.1

EUROPE'S TOP 100 BY TURNOVER

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R Th	anidr a	last Company	Turnover		Sector	Year and
1	1	Royal Dutch/Shell	68327.600	Nuk	212	31:12:85
	ŝ	101	44999 800	Ita ·	171	31:12.88
23	2	British Petroleum Dakoler Benz	40251.600	Uk	212	31:12:88
4	4	Deimier Benz	37148.700	Ger	401	31:12.8
5	3	Flat	30899.700	Ita.	401	31:12:86
6	a	Sleavers	30011.300	Gar	541	30:00:88
7	5	Volkswagen	29933.800	Ger	401	31:12:88
8	0	Unliever pic/NV	26577.000	Nuk	451	31:12:85
9 10	9 10	Philips	25167.800	Ger		31:12:86
11	12	Philipe	24041,100	Fra	401	31:12:88
12	13	Nestie ,	23830.000	Swi	451	31:12:88
13	14	ENt	23083.400	its.	622	31:12:88
14	11	BAT industries	22632,000	Cik.	171	31:12:80
15	15	Veba	22438.000	Ger	171	31:12:88
18	18	BASF	22173.500	Ger	622	31:12:88
17	17	Electricite de France	20782.900	Fra	221	31:12:88
13	21	Hoechst	20705.600	Ger	822	31:12:88
19	23	Peugeot	20622.900	Fra	401	31:12:88
20	20	Bayer		Ger		31:12:88
21	18	CGE	19059.600	Fra	533	31:12:86
22	19	Elf Aquitaine	18782.600	Fre	212	31:12:88
23	24	Imperial Chemical Ind.	18166.100	Uk		31:12:86
24	27	ABB Asea Brown Boveri	17632.000	Swe	221	31:12:68
25	22 25	Electricity Council	17650.621	Uk.	223	31:03:88
26 27	0	British Telecom	15747 000		171	31:12:88
28	29	Thysen	14789 400	Ger	633	30:09:88
29	28	Volvo	14470 400	Swe		31:12:88
30	32	Bosch,Robert	13988.600	Ger	551	31:12:88
31	26	RWE	13574.700	Ger	221	30:06:88
32	33	INI	13546,200	80a	171 .	31:12:88
33	55	Generale des Eaux	12692.000	Fra	221	31:12:88
34	31	Total	12406.300	Fra	212	31:12:88
35	41	-Bayerische Motoren Werke	12367.200	Ger	401	31:12:88
36	38	Petrofine	11756.000	Bel	212	31:12:88
37	40	Usinor Sectior	11750.500	Fra	633	31:1288
38	35	British Gas	17686.300	Uk	222	31:03:89
39	37	Hanson	11484.500	UK	171	30:09:88
40	45	Thomson	11746.800	Fra	551	31:12:88
41	42	Electrolux	11074.500	Swe		31:12:88
42	36	OIAG	10793.064	Aus	171	31:12:88
43	30	Doutschen Sundesbann	10562.600	Ger	304	31:12:86
4	39	Ruhrkohle			631 622	31:12:88
45	43	Cibe-Geigy	10336.200		563	31:12:68
66	51	Mannasmann	10522.000		622	31:12:88
18	49	Nontedison	9728 600	Ger	401	31,12,88
÷.	50	Carrefour	9656.800	Fra	493	31:12:88
50	46	Grand Metropoliten	9361,500	Uk	421	30,09,88
51	52	Ford Motor Company UK	9217,400	UK	401	31:12:88
52	47	General Electric	9127,300		541	31:03:89
53	48	Op el,Adam	8826.300		401	31:12:86
54	60	Salasbury J	8787,300		493	18:03:89
55	0	Saint-Gobain	8769.600		611	31:12:88
58	76	British Aerospace	8756.200		523	31:12:88
57	73	BTR	8498.000	UK	591 ·	31:12:88

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Klaus Luft resigned when the board lost patience with losses

Surrounded by speculation

Nixdorf: down from 112 to 397

NOXDORF Computer, the West German company that has slid stayed at the helm. Mr Klaus Luft, 45, doggedly stuck it out through mounting criticism of the company's financial state, sharply down the husiness rankings as a result of hefty of its tardiness in releasing facts to shareholders and the press, and of his own managelosses, was once one of the country's brightest corporate stars. ment style. Until last month,

Even up to the start of last year, its management was fore-casting that sales would double that is. Despite his almost inexevery five years, and that profhaustible supply of ebullient self-confidence - some former associates tarmed it arrogance its would go from strength to

strength. Instead, the company, based in the small northern town of Paderborn, has fallen flat on its face. In 1988, it only managed to produce a tiny net profit of DM26m (\$14.6m), a 90 profit of DM28in (\$14.0m), a so per cent slump from the DM260m of 1987, as a result of property sales. Before tax, its loss on normal operations was DM50m, compared with a profit of DM331m the year before.

For the last year or so, Nixdorf has been surrounded by speculation about its future. It has constantly denied that it was seeking to fall into the arms of a financially strong first nine months. partner, though willing to set up technological links with other companies, as it shifted from being a manufacturer of its own computer hardware to being an integrator of varying systems hased on common

group, who in 1986 died of a heart attack at the age of 60 -to succeed him. For a time, all went well. Sales continued to soar, pulling profits along with them. But during 1968, signs of trouble became evident. World market

industry software standards. Through it all, one man

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conditions became tougher and more competitive, as memorychip costs rose sharply and the selling prices of computer products fail.

Nixdorf streamlined its organisation and cut costs and staff numbers. Having hired heavily in 1987, it found its labour costs dramatically higher last year, though it is now continuing to shed employees. But while it was

Many analysts and some former managers have concluded that Nixdorf can survive only with a stronger financial partner or owner

- he handed in his resignation when it became clear that the supervisory board had become adjusting to the tougher mar-ket conditions - too half-heartedly, according to some impatient with Nixdorf's con-tinued losses, which totalled DM168m in the third quarter of internal critics - speculation over its future continued. With the departure of Mr this year and DM465m in the

Luft - and his replacement (as board spokesman, not chief executive) by Mr Horst Nasko, aged 56 ~ the questions about Mr Luft had been with the company for over 20 years. He had been picked by Mr Heinz Nixdorf - the founder of the the company's future ownership are being repeated with a new intensity. Mr Nasko, the director responsible for telecommunications, has a far lower profile than Mr Luft, and his appoint-ment is widely seen as a tem-porary solution only. Had Mr Luft brought in a tough strate-

ILATIAN	- 55	0	Saint-Gobain		Fra	611	31:12:88
ulation	58	76	British Aerospace	8756.200	UK	523	31:12:88
	57	73	BTR	. 8498.000	Uk	591	31:12:86
	58	58	Norsk Hydro	. 8358.700	Nor	214	31:12:88
	59	61	Marks and Spencer	. 7952,600	Uk	491	31:03:86
gist early on in the group's	60	64	Micholin		Fra	574	31:12:88
gathering crisis, and been	61	71	Metallgesellachaft	7700 700	Ger	634	30:09:88
more determined in reining	62	53	Soc. Generale de Belgique	7649 900	Ger		
back costs, say sources close to	63	101	Docking the constitution of the	7043.300	Bel.	171	31:12:86
	64	59		7642.800	Fra	671	31:12:88
the company, its recovery	65	63	Krupp (Fried)		Ger	566	30:06:88
might have been more					Ger	661	31:12:86
advanced by now.	66 67	65	Akzo	7441.200	Net	622	31:12:88
As it is, many analysts and		_	SNCF	7303.700	Fra	304	31:12:86
some former managers have	68	74	Tesco Stores (Holdings)	. 7325,600	Uk	493	25:02:89
concluded thet Nixdorf can	69	57	Statoff	7210.000	Nor	213	31:12:88
survive only with a stronger	70	75	British Steel	. /1/8.600	Uk	633	01:04:69
financial partner or owner.	71	79	Bouygues	7160.000	Fra	313	31:12:88
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pany with data processing	76	88	Dogusta	6876 000	Ger	622	30:09:88
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widely mentioned as potential	78	85	British Alrways	9610 200	Uk	301	31:03:89
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which brought Nixdorf to the	80	66	Esso AG	6503 700		493	01:01:89
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stock market five years ago, is	81 .	99	Haniel		Ger	171	31:12:88
also keen to see it back on an	62	70	Repool	6424.700	Spa	213	31:12:88
even keel, preferably under	83	80	Gallahor	6398.900	Uk	171	31:12:88
German, rather than foreign,	84	82	Saab-Scanie	6362.000	Swe	401	31:12:68
ownership.	85	92	BSN Groupe	6282,400	Fra	451	31:12:68
Control of Nixdorf is cur-	86	31	Karstadt	8255.000	Ger	491	31:12:68
rently in the hands of two	87	94	Solvay et Cle	6122.100	Bei	622	31:12:88
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family, with outside sharehold-	89	84	Post Office	6078.600	Uk	406	29:03:89
	90	0	Schneider (Groupe)	6031.600	Fra	541	31:12:88
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market pressures remains to	95		Kesko Oy	5990.100	Swi	433	31:12:88
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A-Z LIST OF THE EUROPEAN TOP 500 CRH CS Holding Cable & Wirele Calcur Group Cap Gennis Sor Cartion Commu Carting Commu Carting Carting Burgo Carting Car Midl (Cle) Midland B Moosh Do Monsediso Mongan Gi Mosant Chu Munchartan Munchartan Munchartan Munchartan Goingruppen Grand Lass - Cocetta -Grand Lass - Cocetta -Grand HottopoBen Grant Unideo Grant Unideo Grant Unideo Grant Unideo Grant Unideo Grant States Grant Cocetta Grant Baya Grant Baya Guingeat Guingeat Guingeat Bancaire (Compagnete) Bancaire (Compagnete) Banco Bibeo Vizzaya Banco Espanoi de Credito Banco Espanoi de Credito Banco Hapsaro Avrericano Banco Popular Espanoi Banco Restander Banco I trefand Bante di trefand Banco Bancolles Lisnbert Delta Group Den Duniske Ben Deutsche Babco De 276 141 345 229 475 358 10 KLM. om En Secur Secur Secur Kadi-Che nini Sogeti 22111280 Drancher Benz Domer Benz Domkr Benz Domkr Heldings EBES East Asletic Company Stop es Lambert de Ele e Forte Lamix No. tkit & Colum Tand Korarnan _____ Krackethani Kwik Save Kymmone . L'Ar Liquid HEY CER g . (....) etc BIR 74 48 314 33 48 Hypo. & Wechae Motoren Werke . Vereinebank Union Bank of Flu Union Bank of Sh Ution Flucture Rentoki Rentoki Repeci Repeci Hanson Hartson Hartson Hartson Hartson Herbala Herbala Hobela Hooden Hoogov Hootel Hoo 10000000000000 Haptan J.H.) Gi na & Crossleid L'Orea al Fentr 230 LYMH _______ Laterge Coppes ______ Laterge Coppes ______ Land Securities _____ Landts & Gyr _____ Laporte thoustries _____ Laporte thoustries _____ Laporte thoustries ______ Laporte thoustries ______ Jen. de Su Enterpri Ericano Espette Estilor Euroc 1.12 Nes Cil Ocean T Certilika Olivetti Deterre P & O S nie de Sekjoue rigytt Gru en o.y. Group Bergesen d.y. Group Berigterd international . Bertiner Krait und Licht Billspedition 23174233142978 Intustriali Ak eche Lander Espanoia de Pol. Logran Linda ... PWA ____ Parties __ Parties __ Perties __ Perties Gr Person Perties 3 Person Pe Unotype Lingto Abbey Life Lingto Bank Lottho Lucas Industries Lucas Industries Bite Circl Songrals Booker ... Booker ... Booker ... Booker ... Booker ... Booker ... British & C British & S British & S British & S Butter & S But Comptoine Consolidati Contigae Contigae 366 Gold Elette Feidmuhle Nob Fernanti Interna Fernuzzi Agrico Fernuzzi Fineruz Flat Financiere Age Fieher (Albert) Fienes 1233351 Contain G Copenhage Costain Gr Courtauide Sulton Sun Alilar Sun Life / Svenska Svenska 4035 tos & Los 417344484 Group clar de France 11 lenk Cuttor ... DAF DRG DSH4 Cally Ma Delmisr Delmisr Delmisr De Le Ra Degutes Marley _____ Matrix _____ Maxwell Ci Mediobano Instrume Intercom Investori Jeer Any Estable ent AB Car 361 406 Groupe 펋숖봂붡촕뙳츓 Mail & Ge TI Group TSB Grou 19 440 414 207 496 222 1957 62 255 2224 Gener Gener Glavo Glynw See Eaux Mertin-Ga Jacoba Mic ed inter IV'ch

FT TOP 500: Sector and Company profiles

PHARMACEUTICALS

Paranoiacs have reason to be wary

ANYONE reviewing the basics of the world pharmaceuticals industry would form the distinct impression that western Europe was riding high.

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Of the top eight companies in the sector, no fewer than six have their headquarters in Europe. The continent is home to a

good many medium-sized or mall pharmaceutical compames with a good track record in innovation and a strong profits record. It has a number of the world's leading academic centres in medicines-related

research and development. Europe accounts for about a third of the world's drug mar-ket of some \$70km a year and - unlike many other sectors of European industry, in electron-ics for example - has a strong positive trade balance, compared with the two other large business blocs of Japan and North America.

Why is it, then, that executives from Europe's pharma-ceutical businesses are often given to moods of deep pes mism when discussing the future?

Part of the reason is the strand of paranoia that runs through the industry. Managers in the sector, while proud of their achievements in developing products to improve peo-ple's health, often feel that the industry is misunderstood and that the world at large will not fail to miss an opportunity to put the business down or

reduce its profitability. Sentiments along these lines are likely to be expressed among many of the the top companies in Europe's pharmacentical industry, which includes Glaxo of Britain, Hoechst and Bayer of West Germany, Switzerland's Ciba-Geigy and Sandoz, and the Anglo-American SmithKline Beecham (headquartered in

THE LAST two years have seen a dramatic turnround for Euroc, the Swedish building materials group, whose rank-ing among the FT Top 500 has jumped, from 433rd place to 274th.

The Malmo-based concern suffered from relatively low profitability, with a net margin of 4.2 per cent; in the mid-1980s as it wrestled with the results of a troublesome diversification programme in the midst of a sluggish construction market in Sweden

London). There are also other, more specific, reasons for the indus-try's concern about what may

lie ahead: The planned completion of the European Community market after 1992 holds out more uncertainties for the pharma-conticals sector than for virtu-

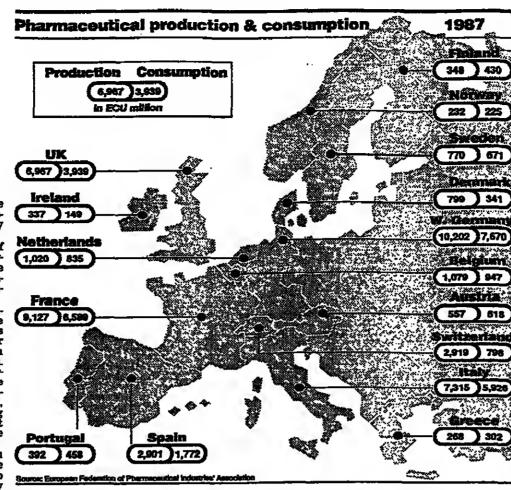
ally any other business. The industry is in a particu-larly tight position, because state-run health organisations are the biggest buyers for drugs in Europe and have a strong role in setting prices. The industry is especially wor-ried that the completion of the market, by freeing up pharma-ceutical trade across Europe, will have an effect in reducing overall price levels - which at present vary widely across the continent

With spending on research and development at an all-time high and marketing costs also likely to rise, the industry faces a fierce squeeze on prof-its over the next few years. It argues that many of the extra costs are caused by external factors, which it cannot do much to influence. These include the increasingly rigor-ous, government-mandated safety trials for new drugs, which extend both the costs and times of development pro-

grammes. The mainstream, researchbased arm of the sector is faced with competition from the increasingly well-organised generics branch of the pharmacenticals business. Companies in this field wait for the patents on branded drugs to run out, and then sell cheap copies of these medications, often eating into sales and profits of the mainstream pharmaceutical groups.

number of these nations' drug industries. In West Germany, pharma-ceutical executives hint darkly With patents on many of today's top-selling drugs due to expire over the next five years

EUROC LEAPS 159 PLACES



and with it apparently that, due to the expressions of becoming more difficult to find public concern in that country about genetic engineering (which the industry sees as new top-selling products to replace them - the researchvastly overstated), Japan and the US may stride away with ed groups are likely to find. the generics companies an increasingly troublesome thorn both the scientific honours and Biotechnology, a set of new research methods for drugs the commercial profits in this

Some observers feel that, especially bearing in mind the design based around manipula-tion of gene fragments, prom-ises to increase the ability of good profitability and research record of Europe's pharmacen-tical majors, the industry may scientists to conjure up new be tending to overstate its case formulations to treat a number when it continually hints of the supposedly bleak times that lie ahead. of human ailments. But in some countries - West Germany and Switzerland are the best examples - public fears about possible safety risks

A specific example concerns the battle by Europe's big drugs companies to persuade the European Commission to extend the 20-year patent life for medicines. The industry's view is that - due to the long development tima for new drugs, which is commonly 10

Sweden's biggest construction

While building meterials accounted for 45 per cent of Euroc's turnover in 1983, their percentage of sales rose to two

thirds in 1988 and they pro-

vided 80 per cent of the com-pany's profits. The profitability

of building materials reflects the construction boom grip-

ping Sweden as it struggles to

overcome a housing shortage

Euroc bas also benefited

in the country's main cities.

and property group.

years or more - the period of legal protection for products after they leave the laboratory is nowhere near enough to provide sufficient profits. One idea in the industry

would be to recast the patent term for medical products, so that this would take effect from the date of marketing rather than the date of invention. A patent life defined in this way of, say, 16 years would greatly boost the legal protection given to pharmacenticals.

change in the patent rules of this sort, which is now under discussion at the European Commission, would tip the bal-ance a little too far towards the industry, and is therefore unlikely to be sanctioned.

Many think, bowever, that a

Peter Marsh

George Graham on the French insurance sector

Deals gather pace

ertheless, something of the

new value placed on insurance businesses in France.

Suez now plans to sell on 49 per cent of Victoire to other insurance companies; and the

advanced state of its negotia-tions with UAP, which wants

that Suez may not have paid

such a steep price as some ana-lysts said at the time. AXA-Midi's acquisition of

Generali and Allianz

have been two of the

most important goads

for France's insurers

to buy at least a third, suggest

FOR TWO years now. French insurers have shown clearly their eagerness to build up their international networks. with a series of acquisitions, especially in the UK, Belgium and Italy. able interest. It reflected, nev-

This year, however, has seen a marked acceleration of the trend, as both state and private-sector insurance companies have raced to meet the twin imperatives of size and internationalisation.

In the first six months, all three blg stata insurers announced deals in Italy: Union des Assurances de Paris (UAP) took control of Allse-cures; Groupe des Assurances Nationales (GAN) exchanged equity stakes of around 10 per cent with SAI; and Assurances Générales de France (AGF) took half of MAA Assicur zioni. But these three state groups, for years the dominant force in the French insurance market, are now being chal-Indiate, are now being char-lenged by the private sector. The rapid and constant growth of the AXA-Midi group, headed by Mr Claude Bébéar, and the more sudden rise to

Farmers remains much more conditional. Mr Bébéar has backed the bid by Sir James Goldsmith's Hoylake to break up the UK tobacco and finanand the more sudden rise to prominence of Groupe Victoire with its acquisition of West Germany's second largest insurer, the Colonia/Nordstern group, have pushed AGF and GAN lower down the lengue tables. And if Mr Bébéar evencial services conglomcrate BAT Industries; his offer of \$4.5bn for Farmers, therefore, depends on Hovlake's success. It reflects, however, Mr Bébéar's dctermination that his gronp must grow a lot more if it is to become big tually succeeds in his ambitious plan to acquire Farmers of the US, he will conclusively enough to look eye to eye to the giants of the US, and especially Japan. It is also a signifi-cant departure from the preocpush UAP out of the top slot. The FFri2hn acquisition of Colonia/Nordstern, agreed in cupation of most other French insurers with the European market, although AXA-Midi July by Victoire, was univer-sally hailed in France as a major step forward: West Ger-many has always represented one of the most difficult bashas already developed a considersble network within the EC, most notably through Equity and Law in the UK and through a far-reaching, if still somewhat theoretical co-operations for foreign acquirers, and in the past some smaller Ger-man insurance companies have tion agreement with Generali, the leading Italian insurer. flatly refused to consider a French buyer on the grounds of mutual incompatibility. In fact, Generali of Italy,

together with its West German rival Allianz, have been two of the most important goads for The deal was immediately followed, bowever, by a FFr27.4bn takeover bid from Suez for Victoire and the hold-France's insurers, It was Generali's acquisition of a menacing stake in Midi which ing company which controlled it. The bid may have been

rather more the epilogue to a history of increasingly tangled shareholdings between Suez led that company to throw itself into the arms of AXA. And Allianz, with its appetite and Victoire than a straightforfor expansion and its extravaward battle to get hold of Vicgant cash resources, has been toire's insurance assets, in which Suez already had a sizean ever-present threat. This threat finally came true

in October, when Allianz agreed to pay FFr6.5bn for 50 per cent of the insurance interests of Compagnie de Navigation Mixte, including the Via Assurances and Rbin et Moselle companies.

Just as Victoire's foray into West Germaoy triggered a takcover bid from Sucz, so Allianz's venture loto France prompted Paribas, Suez's principal rival in the French investment banking sector, to hunch its own FFr25.6bn bad for Navigation Mixte. It is clear tbat Alllanz's deal, valuing Mixte's iosurance businesses at around 2x premium income – o substantially higher multi-ple than in other recent European acquisitions - helped to whet Paribas' appetites, even if the insurance sector is not Par-

lbas' own primary interest. This multiple, for what is far from being France's most profitable insurance business, has revived the doubts of those who feel that size is being given priority over profitability - a criticism that was already made at the time of Victoire's acquisition of Colonia.

"We estimate that Victoire paid over 189 times Colonia's 1988 consolidated carnings as reported and would face a pay-back period of close to 200 years unless it improves Colon-ia's profitability," comment Mr Michael Huttner, Mr Angus Runchman and Mr Niel Bisset, of BNP Securities, in a note on the deal.

They add that Colonia's com-plicated shareholding structure may mean Victoire has difficulty enforcing its control over

in years to come, it may turn out that AGF and GAN were right to buy smaller companies and then grow. For the moment, bowever, the more aggressive approach is winning the debate.



But a decision by managing director Sven Borelius to return Euroc to its core busi-ness of building materials ~ primarily cement, concrete and plasterboard - while expanding its presence abroad has considerably improved the

company's balance sheet. It predicts that profits will rise to SKr1.05bn (\$164.7m) this year on sales of SKr11.5bn. compared with earnings of SKr820m on sales of SKr9.5bn in 1988.

Euroc's restructuring pro-gramme entered full swing last year. Through Scancer, the 50-50 joint vanue for foreign cement operations that it established in 1986 with Norway's Aker Norcem, Euroc bongbt Castla Cement, Britain's second largest cement producer, for SKr2.2bn.

The deal made Scancem Europe's fourth largest cement producer, after Holderbank in Switzerland, Blue Circle in the UK and La Farge Coppee in France.

Scancem's purchase of Casthe Cament is part of a consoli-dation of the European cement industry as the EC internal market approaches and it gave the Scandinavians a firm foothold in the important UK market. Scancem, in its search for new acquisitions, may turn its

attention next to the rapidly expanding construction market in the Iberian peninsula.

purchase of Allentown Cement, in Pennsylvania. It also bought

buyer of cement. Although the pace of inter-

Timely return to

Scancem also acquired its first cement factory in the US last year, through its SKr500m Vineland, a New Jersey-based concrete company, which is expected to be an important

Sven Borelius. Euroc's managing directo

national acquisitions has slack-ened this year, Euroc has strengthened its already dominant position in Sweden with its SKr1bn purchase of the conloosened its cross-ownership arrangement with Skanska,

core business crete operations of Betongindustri, the country's biggest concrete producer, in Novem-

related to genetic engineering

have slowed work in this field and may reduce the innovative

Enroc has been able to finance this buying spree by selling several businesses unre-lated to the building materials sector. The sale of Dynapac, its formerly loss-making building equipment manufacturer, to

Componenta, a Swedish heavy engineering group, in 1988, net-ted it SKr500m. It also sold for SKr500m its stake in the Opus investment company, which

and a further Pta100bn on dis-

The sales, marketing and

almost blanket dominance of

Tha strategy will be financed principally by Repsol's share

capital, and will be include a

Pta220bn allocation. or 32 per

cent of total investment, for

Repsol, which has tradition-

the domestic market.

tribution

Spain's biggest flotation

As Repsol comes in at No 56, Tom Burns describes ...

conglomerate that was par-tially privatised in May, has celebrated its market debut with a 32 per cent increase in net income, over the first nine months of this year.

This will allow it to pay an interim pre-tax dividend of Pta40 per share on December

Net income stood at Pta51.1bn (\$445.7m) at the end of the third quarter, against Pta38.7bn over the first nine months of 1988, year; and operating income rose by 22 per cent to Ptassbn.

Operating revenue was un by 28 per cent to Pta870bn - a rise acounted for, in part, by the additional revenues generated by Repsol's subsidiary, Petronor, which were for the first time added to the conglomerate's total - and net cash-flow increased by 21 per cent to Ptall8bn.

Repsol, Spain's largest industrial group and a new entrant over by Kelt energy.

REPSOL, the Spanish oil to the FT500 (in 56th place), conglomerate that was par-put 26.4 per cent of its equity tially privatised in May, has on the market on May 11, in the higgest flotation Spaniards had ever known. The opening share price of Pta1,700 on the Madrid Bolsa was rapidly pushed up on its debut day, to its legal ceiling of Pta2,040, as international investors and

350,000 private shareholders rushed to buy 17m shares. More than 2m shares were traded on Wall Street, where tha opening-day price topped Pta2.060.

During the first nine months amount was routed to purchasing proven reserves and equity stakes in complementary comnies in Denmark and Italy, and also acquired the downstream assets of Carless, in the UK, after the latter had been taken

of this year, Repsol bas invested Ptal16bn to expand its operations; and a significant. panies. The conglomerate bought into chemical compa-

Repsol spent Pta10bn to raise its equity in Petronor from 32 per cent to 54.3 per cent. Petronor, which is 34 per cent owned by Mexico's Pemer, has a plant near Bilboa, in northern Spain, with a refining capacity of 11m tones a year, and plans to open 400 service stations in the Basque country

and in northern France over the next five years. The Petronor equity pur-chase raised Repsol's stake in Campsa, the former monopoly distributor of petroleum in Spain, from 64 per cent to 70 per cent, and thereby consoli-dated the conglomerate's hold

on the local market, in antici-pation of total deregulation in exploration and production. three years time. Repsol, which is also acquirally had downstream problems, ing and building service stations, to create a network of 1,000 service stations under its

currently has reserves in Col-ombia, Indonesia, Dubai, Gabon and Egypt, as well as small stakes in the North Sea. own trademark, has earmarked Pta230bn towards improving its sales and marketing net-work between 1989 and 1992, It plans to raise its own crude supply from a present 30 per cent to 40 per cent.

in its other important markets, the UK, France, the Nether-lands and the US.

The key question facing Euroc's future managing direc-tor Finn Johnson, a vice-president at the forestry concern Stora, who will succeed Mr Borelius next spring, is whether Euroc can maintain its profit growth in an industry where competition is strong and market conditions can change quickly.

Euroc hopes to weather any cyclical downturns in individcyclical downturns in morvat-ual markets by establishing itself in enough countries to guarantee a consistently high use of production capacity. But although the company's cament operations have expan-ded abroad, its production of comparis and pieterboard are concrete and plasterboard are largely concentrated in Sweden, making sales of these profitable products vulnerable to a construction slowdown there. It is this business area that Euroc may next select for overseas growth. Euroc has also not neglected its other business activities, although they have grown less impor-tant in terms of sales and profits compared with building materials

John Burton



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distribution allocations represent 47 per cent of Repsol's total Pta700bn investment plans to 1992, and indicate the determination of the Spanish company to ward off European competitors following deregulation, by maintaining its VI

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FINANCIAL TIMES TUESDAY DECEMBER 19 1989

FT TOP 500: The UK

The UK equity market: Vanessa Houlder examines the list

and finds that, in the case of the biggest rises ...

Takeovers provide impetus

mid-February, prices leapt by some 20 per cent, after which they continued to hit new peaks for several months. There were no fundamental changes to cause this rally, Prospects for the economy engaged in housing, retail and were still very uncertain, with numerous donhts that the consumer services.

James Goldsmith's dramatic

hid was not unleashed until

July. Meanwhile, British Gas

takeovers as the main factor

consumer services. Among the top 10, there were several changes. British Petroleum changed places with British Telecom, to regain its position as the largest UK com-pany. General Electric Com-pany managed to reclaim its No 9 slot, having fallen to No 15 in 1988. Its bid for Plessey helped it shrug off last year's market concern about the dynamism of its business. Chancellor could orchestrate a soft landing. However, the counter argu-ment – thet equity prices were cheap in historical terms and large amounts of cash were waiting to be put back into the market – also seemed forceful. The near-vertical rise in share prices was merely the result of a shift in perceptions. In the scramble not to be left dynamism of its business.

Another gainer was BAT Industries, which rose from 7th place to 5th place on takeover apeculation, although Sir behind, the first few months of 1989 saw investors piling into all the major stocks. Sober analysis of the prospects of individual companies took sec-ond place to the need to find companies with sufficiently liqcompanies with sufficiently in-uid markets to be able to buy sizeable holdings. Most of the companies large enough to be in the top 500 benefited from the rally, while smaller compa-nies were left behind. slipped from 4th to 8th place as it struggled with the warm winter, the Monopolies Com-mission and lower gas prices. Going farther down the list,

IT WAS a year to confound the theorists. After the index had drifted downward in the sec-ond half of 1968, most commen-tators said the London market

was locked in a bear phase. But, out of the hlue, the mood

sharply reversed. From the turn of the year to

fundamental reappraisals of company fortunes rivalled At other times, however, there was plenty of opporto-nity to mull over the differing behind changes in positions. Reuters Holdings soared by 21 prospects of sectors and com-panies. While few themes are places to 24th slot after strong apparent among those that growth and ardent buying by

to the valuable land assets it bought when it acquired Royal Ordnance and Rover. The relatively minor shift in the position of Consolidated Gold Fields, which went up 7 to 26, resulted from the failure of the hid by Minorco. The suc-cessful bid by Hanson was made in July. made in July.

But the companies that, overall, enjoyed the largest move up the ratings were usumove up the ratings were usu-ally those that had been swelled by takeovers. Wace Group tops the list of largest risers, having motored up 181 places to 315, after buy-ing companies hand over fist in the highly fragmented mar-ket for pre-press services. Hard on its heels, with a rise of 152 places, was Tiphook which became the largest truck rantal became the largest truck rental company in Europe through acquisition.

tion, was the second highest new entrant, in 109th place. Re-ratings also played a part in the newcomers list. Parhaps the most remarkable was Macallan-Glanlivet, the malt whisky distiller which entered the UK Top 500 in 278th slot, Similarly acquisitve compathanks to the renaissance in nies are well represented in the the Scotch whisky industry

However, the list of new entrants was headed by a pri-vatisation stock, British Steel, in 29th position. NFC, the transport, travel and property company that was owned by its employees prior to its flota-

list of additions to the FT top 500. In at 229 was Sema group, which merged with CAP, the aoftware company. Close behind at 266 was Travis Per-kins, which resulted from the caused hy better marketing and the run-down of surplus stocks. Farther down the list, another remarkable newcomer was Capital Radio, which has ridden the wave of the forthmerger of two huilding aupcoming de-regulation and booming advertising revenues. Inevitably takeovers set the plies companies. Small but frequent acquisitions also powtone of much of the list of departures - headed by Rown-tree, which lost its position of 30th place after succumbing to ered the advances made hy companies like Blenheim Exhia 52.5bn takeover hid from Nestle of Switzerland.

Other prominent departures were Pleasurama, which was taken over by Mecca Leisure; Atlantic Computers, taken over by British & Common-wealth: Birmid Qualcast, which was acquired by Blue Circle; and Harris Queensway, which was taken over by a con-sortium headed hy Sir James Guilliver, the former head of Argyil Another notable departure was that of Magnet, the kitchen company which caused a stir hy taking itself private. The list of greatest falls shows clear evidence of the effect of high interest rates. As

the property market stalled the severest hattering was taken by Hamhro Countrywide, the estate agent, which slid 183 places to rank at 430. Similar

declines were registered by Regalian Properties, the prop-erty developer, McCarthy & Stone, the sheltered housing specialist and Barkeley Group, the property developer. The other main victim of the

The other main victim of the ciampdown on consumer credit was the stores sector. After a heady start to the decade when stores companies spent mil-lions on design and marketing, falling consumer spending left them ill-prepared to cope. Among the bigger players, Sears, the owner of Selfridges and several footwear chains, suffered hadly, falling from 41

and several footwear chains, suffered badly, falling from 41 to 61. Storehouse, the retailing group that includes Habitat and BHS, came particularly badly unstruck and fell 51 places to 138. Slack demand also hit N Brown, the mail also hit N Brown, the main order company, which also suf-fered from the postal strike; Etam, the fashion retailer; Pen-tos, the books, posters and office furniture group; Dixons, the electronics retailer; and Coloroll, the home furnishings

90 in the UK. "It has been a significant year for Cariton Communica-tions, particularly in Europe," says Mr Michael Green, the chairman, who has no tasts for entertainment industry hyper-bole. In 1968, with his brother David has founded a small company. Perhaps the most dramatic David, he founded a small printing company. After trans-formations and takeovers, it is fall was that of Next, the fashion retailer - from 97 to 172. Its trading problems were high-lighted by the dramatic way in which its creator, George Davies, was ousted in a board-Toom coup. In many of these cases, the

formations and takeovers, it is capitalised at around £1.7bm. The rapid growth of Carlton, in the year to June, has two obvious causes: two large take-overs, which extended the range of the company without taking it away from the area it knows best, television services of every kind. downturn in consumer spend-ing merely exposed the cracks in the companies' ambitious of every kind. Mr Green's first surprising move came in September 1988, when Carlton paid \$780m for Technicolor, the US film pro-cessing and video-tape dupliacquisition programmes. So it is perhaps not surprising that the casualties included some companies that were, in previous years, the brightest stars.

TV services star twinkles Carlton leaps 51

places

CARLTON Communications,

CARLTON Communications, one of Europe's largest televi-sion services and production companies, is among the rising stars of this year's FT Top 500 - up from 323 to 203 in the European list, and from 141 to 90 in the UK.

cating company, in Cariton's

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cating company, in Cariton's largest takeover deal so far, Although, at the time, rivals time said Carlton had paid "top dollar", Mr Green's judgmeni, that the pro-recorded video cas-sette market was about to undergo explosive growth, appears to have been vindi-cated. Sales of cassettes of just two recent films - Batman and Who Killed Roger Rabhit? - are expected to initial more than 30m.

- are expected to total more than 30m. Although many expected a period of consolidation at Cari-ton, while Technicolor was absorbed, Michael Green, who is still only 41, moved again and, in May, took over UEL the digital processing and engi-neering company, in an agreed deal worth £490m. It was, on the face of it, a strange decision, for, with the acquisition of the high-technol-ogy company, came divisions

ogy company, came divisions specialising in scientific instru-ments and high-performance car engines. What Michael Green was

what Michael Green was after was UEFe skills in the digital manipulation of pic-tures, including text and graphics. The bits of UEI he doesn't want will be sold off, to reduce the number michae reduce the purchase price -Link Scientific Group bas siready been sold to Oxford aircady been sold to Ukrofd Instruments in a deal worth more than £50m; and Coa-worth, the car engine special-ists, is expected to be sold before long. Just as Technicolor gave Carling a more falling pressure

Cariton a more talling presence in the US market, so UBL, with

Continued on page 7

THE TOP 500 UK COMPANIES BY MARKET CAPITALISATION

Ranking 1989 1988 company	Mariet Capital Sp. Sector	Range Tarmover Range This year Eco Las	st year Em Charge This year En			EmployeesYear and							Profit Is year East Last ye		DCE Employees Year and D.S. 18841 31.1934
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0 3 Imperial Chemica 7 0 Hanson 8 4 British Ges 9 15 General Electr ic 10 8 5111	industries 8050,5 622 8347,5 171 7947,2 222 6800,5 541 6861,0 501	0 11000.0 6 7395.0 6 7525.0 0 5578.0 12 5472.7	11121.0 5.2 1470 6652.0 10.7 860 7364.0 2.2 1335 5353.0 5.9 796 4149.2 81.8 819	741.6 10 1256.0 0 708.0 1	20 27.6 10 24.7 12 10.5 13 253 18 42.8	130400 01:12.88 109000 20:09.88 \$1832 31:03.89 145029 31:03.89 98620 31:12.88	165 173 167 163 168 135 169 260 170 150	DRG Saatchi & Saatchi Messa Laksure	505.8 802.8 492.1 491.5 499.3	496 138 852 125 425 \$1 471 211 454 350	635.2 772.5 3796.1 268.3 73.1	300.2 76.3 726.4 6.3 3064.2 -4.0 128.7 0.0 74.1 1.4	86.0 98.2 138.0 30.3 12.5	60.2 15.9 1 151.1 11.2 1 14.8 0.0	17.2 14030 25.0120 13.5 12070 31/12:00 17.2 38614 30/04:06 14.1 12205 31/12:00 16.0 27701 31/12:00
11 10 Cable & Wireless 12 10 Marka and Spino 13 11 Berchays 14 16 Beecham Group	8217.2 223 0139.7 491 4975.1 112 4724.4 433	73 1684.1 13 5121.8 0 N/R 42 2480.2	1244.1 23.3 4231 4577.5 11.0 529 NR 8.0 1391 2784.5 -40.4 408	5 356.1 14 5 601.7 6 5 365.0 27 5 352.3 16	L1 29.2 54 22.5 7.5 <30.5 54 31.0	29415 '31:03.89 78313 31:03.89 118410 31:12.88 35000 31:03.88	171 149 172 97 173 250 174 106	Beszer C.H. Holdings Nant U.S.J. Deha Group	489.2 484.7 483.0 481.2 461.0	813 89 496 98 551 277 563 135 422 134	1343.3 1135.9 163.0 665.7 665.7	1033.0 30.0 862.1 21.8 141.9 14.9 532.3 23.2 515.6 8.2	114.7 70.1 31.1 74.1	824 -04.1 8 95.1 23.8 4 84.2 15.4 5	1.7 19826 300638 7.8 20005 31-01-86 8.3 22511 31:01-86 8.9 13825 31:12-86 0.8 4730 31:03-89
15 14 Grand Metropolita 16 17 Unilever 17 13 National Westmine 18 20 PTZ Corporation 19 24 Guinness	4420.6 634 4393.5 421	A 6026.0 7 6364.0 0 N/R 20 30157 30 2776.0	5705.5 6.7 575. 5428.0 17.8 540. N/R 0.0 1407. 3007.1 15.3 579. 2518.0 -1.8 521.	480.0 17 774.0 97 584.3 47 5 408.0 22	1 200 7.4 24.7 15 <312 7.0 32.1 1.7 27.6	89753 30:05-68 155 31:12-88 94818 91:12-86 64149 31:12-86 19759 31:12-88	175 203 176 85 177 255 178 210 179 199 180 160	Armitrad Civita Petroleum Greenalt Whitey	442.9 436.0 431.7 428.1	551 130 213 363 421 168 881 165	625.4 40.3 456.0 360.9	311.9 22.2 36.8 9.6 428.4 6.0 310.9 22.6	180.4 3.7 47.1 52.7	136.7 18.2 7.5 -60.4 39.2 20.1 1 46.7 12.8	8.8 1424 30.0008 8.4 71 31.1250 3.6 18280 30.05.85 0.9 3777 3135.89
12 Wellcome 21 19 Sainsbury J 22 25 Bass 23 21 Alled-Lyons 24 25 Reubers Holdings 25 22 Prodential Corport	3708.3 435 3652.3 458 3450.3 421 3354.0 421 3360.0 474	89 1250.0 16 5658.0 22 3734.3 17 4504.3 109 1005.3	1132/4 10.4 221. 4791.5 18.1 275. 3213.4 15.3 448. 4235.0 6.3 302. 385.9 15.7 315.	308.4 2 386.0 2 436.0 1	10 280 1.6 28.5 2.9 17.5 2.1 10.5 1.5 80.8	20236 27.08.88 88283 18.03.89 84843 30.09.88 81440 64.03.89 9940 31:12.88	181 155 182 192 185 196	Norcros Graycout Group APV	417.5 414.8 411.4 408.3 407.0	121 0 562 146 161 0 563 125 302 156	N/R 504.0 Hr/R 806.7 312.0	N/R 0.0 162.3 -12.0 N/R 0.0 765.6 14.7 250.1 24.7	33.8 66.9 21.7 57.9 52.4	66.3 2.6 17.1 87.3 40.7 26.5 3 46.6 172.3 2	A.1. 2400 31.12248 0.9 11877 31.05.89 4.8 40 31.50.90 7.8 14005 31.122.89 3.5 8810 31.03.80
25 38 Consolidated Gold 27 23 Land Securities	fon 0148.8 141 Fleids 3109.8 631 2049.2 161 ing 6) 2749.3 495	0 N/R 111 900.0 0 N/R 14 4717.7	N/R 0.0 330. 854.5 14.5 302. N/R 0.0 140. 41151 14.5 271. 3513.0 31.2 398.	2 242.4 244.4 22 2 133.5 11 2 220.5 22	1 0.0 1.7 27.6 1.7 5.5 2.3 26.0 1.8 16.0	20625 31.12:55 14029 30:04:68 458 31:03.89 75658 25:02:89 65200 101:54:89	184 198 185 137 186 187 187 179 188 189 188 200	De La Rue Fisher (Albert) Mariey Allied Colloida Group	406.0 398.5 394.5 393.2 393.2	472 159 461 157 611 143 622 287 571 167	536.1 900.5 182.5 1011.9	451.7 8.3 247.9 116.6 572.0 8.0 163.9 11.9 672.6 \$0.4	28.3 23.4 79.2 26.2 64.1	14.5 85.5 2 36.4 26.8 2 30.4 2.2 6	2.7 19421 33:00;80 5.7 3760 31:06:86 9.0 90607 731:12:65 7.8 2030 01:04:30 7.9 22765 31:12:68
28 31 Tesco Stores (Hol B) 49 0 British Sawi 10 35 Racal Electronics 11 27 Lloyds Bank 12 65 Whittread 13 28 Boots	2755.0 638 2749.4 551 2741.6 112 2778.3 421 2665.3 462	71 1588.4 0 N/R 59 1545.2 34 2704.4	1368.8 16.3 177. N/R 0.0 962. 1698.7 9.3 223. 2569.8 4.4 308.	1 138.0 21 -248.5 480 1 187.2 14 257.5 11	19 23.9 19 <38.4 13 16.3 11 29.2	53702 31:03.89 53832 31:1285 54192 25:02:59 59967 31:03:29	290 153 791 152 192 206 195 242	Assehange Relevant Bermon Group Doess Transport & Trading Prentier Consolidated Outbride	392.1 390.6 389.9 385.0	151 0 121 0 303 108 213 263	N/R 1007.8 21.4 734.6	672.5 \$0.4 N/R 0.0 \$60.0 6.1 26.3 -18.6 755.0 -2.7	84.1 30.4 17.7 38.5 0.0	01.6 -65.6 < 41.2 -6.6 1 14.3 -40.3	8.1 216 30:06:46 8.8 3067 31:12:06 8.3 9082 31:12:06 8.8 1122 31:03:09 8.8 17738 31:03:09
3 28 Boots 14 63 Enterprise OB 15 28 Great Universel 8 16 29 Midland Bank 17 32 P & O Steam Nev 16 37 Trusthouse Forte	2562.8 112	250 162.1 40 2511.8 0 N/R 25 3576.4 55 2044.0	227.8 -15.7 67, 2368.1 6.2 3344 N/R 0.0 663, 2920.2 75.8 374, 1776.6 15.6 275,	346.0 11 605.0 23 274.7 13	19 124 13 182 72 <343 13 189 19 172	234 31;12:55 33534 31:00:55 59093 21:12:55 55652 31:12:55 79603 21:12:55	194 164 195 184 196 170 197 202 196 298	Tramment Development Group	377.8 373.4	492 130 811 118 591 180 302 141 405 313	856.4 348.1 613.5 129.3	712.5 54.2 205.5 10.0 541.6 11.0 98.7 24.5 NR 0.6	78.6 57.2 49.3 47.1 42.5	63.1 36.2 3 34.6 42.9 4 43.8 8.0 2 32.5 30.7 8	4.9 11782 31:03:09 4.9 0008 31:03:09 1.1 35777 \$1:12:88 1.9 3941 37:52:08
42 Ladb roles Group 42 Ladb roles Group 45 Cadbury Schwepp 46 Read International 45 BOC Group	2411.3 457 2351.6, 451 2285.3 662 2295.3 662 2290.0 622	29 2848.0 , 44,	2135.4 33.4 252. 2031.9 17.2 218. 2010.5 22.7 271. 1959.1 8.2 301.	180.2 57 	184 15 - 33.8 17 38.5 16 22-2 15 87,1	46070 31;12:58 12125 81;12:65 22100 31:00:59 y 36513 30:09:65 25920 31;12:58	199 185 200 225 261 177 202 212 205 206	Christias International Caledonia Invisionaria Visus Group Moundaigh Group Moundaigh Group Moundaigh Group	347.1 345.0	181 D 421 255 161 D 581 168 513 110	N49 1985 1978 454.0 991.0	N/R 0.0 181.7 18.1 N/R 0.0 334.6 185.7 783.0 25.0	26.8 20.2 01,2 40,9 50,5	21.6 81.6 1 70.7 29.0 1 \$1,1 41.2 2 50.2 18.6 2	L2 229 31:03:99 L6 7110 "01:10:86 L1 233 30:04:96 56 "10540 701:01:89 11 15538 31:12:88
13 40 Termec 4 14 40 Burr Allience & Lo 15 48 Thorn Emi 16 53 Rank Organisation 17 46 Gateway Corporat	2156,7 401 2139,9 401 an 2107,9 483	0 N/R 26 3290.6 124 824.1 76 4610.0	8163.1 27.2 363, N/R 0.0 372, 3054.0 7.7 269, 665.4 23.1 233, \$144.1 -12,2 214,	1771.6 111 225.3 20 208.1 22 185.6 10	1 0.0 13 23.5 15 30.9 10 23.8	13835 31;12,88 65444 \$1:03,89 21385 \$1:10:58 83325 728:04:89	204 225 205 214 208 135 207 256	Schrodens Tootal Group Develon International Borthorpe Holdings	236.3 336.1 233.0 331.7	121 0 412 163 411 188 561 255 181 0	N/R 481.8 361.9 194.6 N/R	NAR 0.0 803.8 -2.4 355.5 -1.9 162.6 13.5 N/R 0.6		87.1 10.9 40.3 0.0 2 47.6 -6.4 2 32.5 23.2 3	10 1246 31:12:00 3.1 16042 31:01:00 14 10041 81:03:00 5.1 2040 31:12:00 3.1 2040 31:12:00 3.1 2040 31:12:00
18 44 Anda Group 19 51 BET 10 59 STC 11 47 General Accident 22 75 Pleasev	2058.7 493 2053.0 171 2023.8 661 1945.4 151 1884.8 351	32 2708.6 40 2106.2 46 2339.0 0 N/R 59 1654.9	2452,4 10.0 248, 2015,1 4,6 270, 2065,6 14,0 250, N/R 0,0 250, 130,9 67,7 196,	2164 20 186.0 22 204.4 40 172.1 12	L5 22.1 L0 38.3 L3 \$1.2 L0 0.0	50485 29:04:59 132025 \$1:05:59 33846 31:12:58 14757 \$1:12:58 25216 31:00:59	205 228 209 172 210 175 \$11 159 212 195	Less Service Group First National Finance	328.0 327.6 325.4 323.1	561 151 121 0 571 62 122 0	585.1 N/R 1812.2 N/R	257.9 119.3 N/R 0.0 1439.9 27.2 N/R 0.0	70.2 55.6 70.2 70.4 66.7 33.5	26.1 112.9 8 864 1.1 <3 47.5 46.8 3 53.1 28.4 7	1.4 10188, 31:03:09 1.1 7327 31:03:09 1.6 9030 31:12:86 1.7 1005 01:10:98
Ki 50 Argylf Group 14 57 Pearson 15 39 Royal Insurance 18 86 Eurotupnel	1880.9 483 1855.0 472 1861.5 131 1825.4 304	34 30000 92 11940 0 N/H 0 N/H	3225.3 0.0 178. 952.2 25.5 196. NVA 0.0 222. NVA 0.0 16.	732,1 30 161,8 81 274,8 -16 2,1 (13 34.3 18 27.9 15 6.0	61360 17134.59 25017 31:12,58 15636 31:12,56 154 31:12,56 6 30:05,55	213 209 214 207 215 201 216 213	EMAP London and Masscheeter Group	315.2 318.8 311.9 311.4	473 227 141 0 614 155 122 0	232.7 N/R 828.5 N/R 723.7	107.0 21.9 N/R 0.0 432.5 22.4 M/R 0.0 804.5 -10,1	14.0 91.5	26.0 34.0 16 12.1 20.6 0 20.2 66.9 2 82.6 -4.5 3 32.2 18.6 2	2.0 2400 31;12:88. 1.6 3000 30:06:89 1.0 4057 30:06:85
57 48 MEPC 58 70 Fixoms 59 98 Lloyde Abbey Life 50 56 Tratelger House 51 41 Senra	1616,9 161 1778,9 433 1749,6 181 1741,6 171 1708,1 462	126 762.3 0 N/R 65 2676.3 33 2705.9	M/R 0.0 704, 720.1 8.6 152, M/R 0.0 300, 2006.5 13.0 228, 2006.7 14.7 272,	109.1 21 2 234.0 22 165.8 40 2 245.7 11	1 872 15 0.0 24 18.5	70807 81:12:58 9025 *31:12:58 37614 30:08:58 59519 01:01:89	217 253 214 165 219 221 220 227 221 211	London International Group Annec British Vita Body Shop International	307.4 306.7 304.2	431 198 613 84 692 171 485 388	307.0 1508.9 452.7	302.7 1.7 793.5 65.1 271.2 66.8 84.8 58.1	36.5 33.7 61.4 37.5 71.2	91.5 7.0 2 94.5 78.6 4 24.3 55.8 3 7.2 55.3 +4	1.2 0424 31:03:90 1.3 10445 81:12:88 1.7 10867 81:12:88
82 72 Picthmans Inferna 53 98 British Aerospace 54 84 BAA 55 55 Pultington Brother 56 59 Guardian Rosel E	1705.0 623 1695.0 306 1675.3 311	80 1303.6 11 8539.0 157 641.0 36 2772.9	1287,5 0,4 523, 4073,0 38,4 239, 523,0 22,8 754, 2332,9 10,3 325, N/R 0,0 239,	-168.0 244 195.0 16 302.3 7 165.0 44	L1 30,7 L4 15,3 L3 16,1 L5 21,5	25700 31:03:55 133600 21:12:55 7535 37:00 31:03:59 45700 31:03:69 8255 51:12:55	222 213 223 185 224 139 225 217 228 214	Tomiting FJK. Perdand Industries Monteon Wildow Supermarkets Luing (John)	296.5 297,4 294.9	171 155 171 136 183 142 161 0 113 82	550.4 830.4 805.7 N/R 1344.5	487.4 33.4 482.1 25.2 N/R 6.0 T083.8 25.4	32.2 23.6	60.0 -13.5 6 20.7 25.0 2 20.3 16.2 1 45.7 49.0 3	L8 1494 31;12:55 L2 10509 26:01:59 M6 788 51:12:56 L2 12:500 37:12:56
95 95 96 Guardian Royal E 97 81 Reckitt & Colume 98 89 Associated Drittel 99 31 Redland 90 31 Redland 90 31 Redland 90 31 Redland		73 1394.0 41 2408.4 63 1728.5 0 N/R 85 1608.0	1482.6 -5.6 171. 2272.0 6.9 237. 1425.0 0.0 221. N/A 0.0 201. 1553.8 8.1 156.	187.6 14 210.4 12 185.1 0 170.1 10	11 41.0 17 16.0 10 22.5 10 0.0	21700 21:12:08 53024 81:04:09 20029 31:12:08 20057 31:12:08 38195 08:02:06	227 223 229 874 229 313 230 313 231 279	Wolverhampton & Dodey Brews Iceland Frozen Foods Hoge Serve Group Atwoods	263.5 263.4 261.9	421 200 403 250 561 212 105 340	141.4 205.2 206.9 \$1.5 \$1.1	123.6 14.4 194.5 32.8 294.3 8.3 75.5 25.0 56.3 22.3	12.9 14.7	7.2 25.4 8	.4. 1469 31:07:06
72 74 United Bisoults 73 64 Loanko 74 52 TBB Group 75 69 Rolls-Royce	1558.2 401 1552.3 171 1581.8 112 1518.8 821	46 2380.3 27 \$256.2 0 N/R 55 1973.0	1954.5 31.5 170. 2013.9 8.4 225. N/R 0.0 420. 2039.0 -4.2 178.	147.5 10 200.2 12 340.4 22 158.9 7	14 87.9 14 19.1 14 <19.2 17 16.9	47004 \$1;12:68 129008 30:00:68 42243 31;12:68 40900 31;12:68	232 254 233 256 234 23 234 23	Scapa Group Feleco Fitch Loveli Statis	280.6 276.5 874.7 270.4	591 218 521 180 557 188 657 188	254.8 525.5 567.5 124.2	242.1 8.2 515.1 2.2 538.7 0.0 114.5 8.5	20.2 43.1 32.0 24.5	95.6 9.8 27 16.2 22.4 32 27.6 16.3 34 19.1 28.6 1	L4 0546 01:03:30 L6 10030 "31:12:04 L3 9963 "29:04:30 L3 6175 02:10:36
76 98 PAAC Oroup 77 79 British Airways 78 65 Logal & General 70 77 Hitisdown Holding 80 82 Hawkar Skódelay	1496,0 011 1489,7 301 1486,1 141 1404,5 457 roup 1377,4 301	01 2005.0 19 4207.8 0 N/R 23 3540.8 57 1886.0	1788.7 15.4 205. 3750.0 13.3 208. N/R 0.0 142. 3030.6 16.8 150. 1743.0 7.2 183.	225.0 17 71.2 80 110.5 34 163.2 12	15 254 15 2315 17 0.8 18 194 18 791	23287 31:12:56 50204 31:03:39 5539 31:12:55 42532 31:12:55 42532 31:12:55	255 244 257 197 258 272 258 254 254 254 254 254 254 254 254	Britannic Assumence Instatut Johnson Tazar, Komsiey & Milbours Evened Hotelings Highland Dastifiers	259.1 257.8 205.5	41 0 111 185 112 112 111 215 112 \$71	N/R 367.7 984.6 205.5 122.0	NAT 0.0 145.4 132.9 880.0 10.5 231.9 13.8 112.5 8.5	68.5 44,1 86.0 14.2	36.9 67.0 31 32.3 36.4 80 23.5 17.9 14 12.1 17.9 2	A0 4622 *81;1236 L4 4626 51;1236 L4 7292 31;1236 L4 7292 31;1236 L4 4917 *31;236 L4 892 81:00:06
51 71 Courtzukle 52 52 Silve Circle Induz 53 56 Harsmenson Prop 54 75 Kingfisher 58 113 BICC		36 2509.6 96 1125.0 0 NVR 36 2000.4 125 2947.6	2421.2 7.8 197, 1065.7 5.3 205, N/R 8.0 73, 2172.0 22.5 224, 2459.0 18.4 156,	155.0 \$1	LO 16.9 LO 4.0 L6 \$1.9	62207 51:02:69 76503 21:12:65 411 31:12:65 67/73 22:01:59 44736 \$1:12:55	241 271 242 311 243 302 244 191 244 191	Hidragen Internetional AAH Horbings Simon Engineering Wileon (Connolly) Holdings Britema Arrow Holdings	255.7	21 206 771 105 901 146 913 278 122 0	261.5 1020.0 562.2 161.0 N/R	224.2 25.7 1008.5 1,1 641.3 8.4 146.1 10.6 N/R 0.0	\$2.4 53.0	7.4 41.7 4	L6 3461 31:12:08 L5 6214 81:03:09 L5 9777 31:12:08 L3 780 31:12:08 L4 1473 81:12:08
Sf Snuth & Nephew S7 Snuth & Nephew S7 Surion Group S0 75 Scattleh & Newca S6 91 Coolason Group S0 941 Caribon Correspond	1215.5 421	144 647.9 75 1590.2 102 1026.0 94 1164.0 236 217.4	548.4 9.4 124. 1338.6 18.8 211. 911.5 12.8 138. 538.9 38.1 178. 112.3 98.7 48.	183.4 15 118.1 22	L3 27,7 L4 254 L2 17,2 L8 29,5 L8 30,4	13532 81:12:59 36207 00:09:59 24434 30:04:59 14531 01:12:58 1.580 30:09:55		London & Edinburgh Trust WHP Group And Heathcare Wates City of London Prop M & O Group	246.9	61 0 76 158 134 621 101 0 122 0	N/R 547.1 108.8 N/R N/R	N/R 0.0 254.1 0.0 94.1 14.7 N/R 0.0 N/R 0.0	40.3 15.8 30.3	14.6 45.7 12 14.1 0.0 22 11.6 35.5 +10 15.8 180.6 14 23.3 -1.9 50	19 543 \$1;12:08 19 10443 \$1;12:08 19 3407 \$1:12:08 16 24 \$1:12:08
21 106 Standard Charten 92 116 LASMO 93 103 Uitrenser 94 85 Royel Bank of Sc 96 94 Burmah OU	1178.6 112 1142.4 218 1134.6 210	0 N/R 200 140,2 57 1077,2 0 N/R 81 1305,9	N/R 0.0 313. 172.0 -13.3 16. 1039.5 1.7 110. N/R 0.0 309. 1257.5 0.0 145.	105.0 -05 105.0 4 197.2 55		5077 31:1248 403 31:12:05 3395 31:12:05 23174 30:06:88 10919 31:12:00		Power Cultys Davy Corporation Tiphook Asserghen laternational	238.8 239.7 239.5	148 148 1 122 114 105 337 141 0 151 255	581.7 908.2 67.7 N/R 160.0	670.5 2.0 778.3 31.8 394 72.0 N/R 0.0 105.0 9.1	35.9 26.8 10.0 14.8	13.0 2.7 20 15.8 173.7 30 3.9 105.6 11	L6 9097 \$1:02:08 L4 11995 01:12:00 L3 486 30:04:08 L0 3781 \$1:12:09
98 85 Lucas Industries 97 85 Maxwell Commun 98 109 Sedgwick Group 98 109 Granacia Group	1086.9 571 1040.7 472 1020.2 142 1020.2 142	81 1933.1 77 1390.6 0 N/R 74 1467.8 92 1205.5	1670.0 9.7 148. 884.1 0.0 122. NMR 0.0 77, 1020.7 43.9 143. 861.7 39.9 143.	114.5 27 165.0 0 101.1 -22 111.1 25	5 20,4 0 28,7 9 24,4 9 25,0	69047 81:07385 20375 31:03:89 15721 \$1:12:69 27977 61:10:85 8954 01:12:89		Broth (David 6) Thanus Talevision MitRechnie Compess Group Hurbington International	229.4 1	192 198 181 194 171 200 184 207 181 395	337.5 328.7 305.5 276.9 60.5	268.3 25.8 247.4 32.1 244.0 25.2 254.4 8.5	38.0 31.9	10.7 7.8 30 27.8 11.7 80 27.5 23.2 81 15.2 -13.5 80	L3 4051 30:04:09 L2 2427 31:01:00 .0 6038 31:07:08 L9 20737 *20:02:00
100 128 Taylor Woodrow 101 98 English China Gir 102 111 GRN 103 121 Siebe 104 52 21% Industries	163.8 671 977.8 691 961.3 911	119 935.9 64 1967.4 97 1215.0 116 900.8	762.5 28.8 146, 1900.0 4,6 177, 1058.7 10.0 1782, 869.7 10.9 2782,	112.1 29 146.5 21 117.7 28	17 258 2 22.9 18 22.1 15 37.8	13397 30:09:88 \$7122 \$11:12:58 30545 \$1:04:59 11903 \$1:03:59	261 255 262 265 265 356 264 256	Notion Opex Battough Peel Holdings Suber	227.1 328.1 223.8 221.0	72 206 91 346 91 0 71 285	272.9 206.1 N/R 217.8	250.5 0.0 163.9 26.9 N/R 0.0 190.4 14.4	36.6 26.5 20.2 36.0	1.5 0.0 +25 1.2 94.2 40 1.5 96.7 11 16.7 46.1 41	7 7006 "30-09.56 2 4400 31:10:88 3 63 37:09.89
105 109 Jochcape 108 105 Slough Estates 107 102 Harrison 3.5 Cro 108 115 Smithe Industries 100 0 NFC	869.2 302	43 2451.5 0 N/R 90 1720.0 155 885.4 86 1265.1 80 2054.2	N/R 0.0 70, 1532.0 12.3 129, 430.0 55.0 27, 911.4 87,7 67,	31.6 21 90.1 36 65.7 47 47.4 41	15 615 13 245 13 419 15 302	475 \$1:12:85 27254 \$1:12:95 13953 01:07:88 30510 10:1:10:98	285 0 267 341 268 289 289 287	Greens, King & Sons Travis Perlóns Anprey Sk hes Group Baling (Withsm)	219.8 219.2 216.5	21 327 71 209 05 362 71 274 12 104 41 0	103.6 291.7 62.8 167.9 371.2 N/R	700.5 3.1 548.1 0.0 68.8 5.6 163.3 9.2 205.5 27.6 N/T 0.0	29.5 18.3 31.6	16.2 16.2 16 14.0 0.0 + 14 16.0 15.8 25 17.4 52.0 55 16.7 24.1 27	4 4403 31:12:44 4 343 31:00:00 2 2120 31:07:88 1 13:07 31:07:88
110 12 Tate & Lyle 111 112 Unigate 112 69 Coate Viyella 113 164 Unigate 114 191 Paeri Group	QU6.4 141	47 2355.4 80 1854.8 129 755.8 0 N/R	2165.0 0.0 100. 1794.8 5.3 136. 716.6 6.2 127, NR 0.0 60.	94.0 0	.9 25,4	17000 °01:10:58 36195 31:03:69 67420 81:12:59 14025 31:12:59 8765 31:12:59 244 01:03:59	271 277 272 320 273 273 274 323	Imry Norchant Developers Automated Security (Holdings) Frogmo re Estates Heath C.E. NSM	218.8 212.7 210.1 208.6	41 348 61 0 42 0 91 320	83.0 N/A N/A 110.9	65.6 25.5 N/FI 0.0 N/FI 0.0 84.8 30.9	19.1 27.8 24.1 16.5	11.7 94.8 10 15.2 25.9 24 15.8 84,1 22 15.8 8.2 01	L9 68 81:00:29 L0 2238 30:10:98 L6 108 30:00:18 .6 2031 31:00:58
115 118 British Land 118 117 Delgety 117 144 Books 118 98 Williame Holdings 119 140 FKJ Babcock	797.2 131 781.7 451 789.0 591 785.5 591 745.2 789 735.7 495	0 N/Fi 18 4503.0 85 1836.0 193 825.7 195 1303.4	5005.0 -10.0 99. 1255.6 46.8 78. 482.7 0.0 114. 994.1 44.2 107.	281.8 7 64.3 22 67.2 0 48.6 122	7 21.7 4 43,4 0 95,7	22820 30:06:65 17105 31:12289 13481 31:12285 30788 31:02:69	275 362 276 328 277 288 279 0 279 0	Lep Group Henden-Buart Plant Laked Group Macalan-Glantivot Caradon	205.4 205.9 205.7 202.9	06 243 84 252 91 164 22 404 51 0	211.3 201.2 \$53.8 30.2 290.6	141.4 49.4 165.3 29.6 295.8 40.0 7.8 35.2 170.4 70.5	16.5 26.3 21.5 3.2	11.1 66.7 14 7.4 62.4 37 12.6 -34.7 19 1.5 103.3 + 12	3536 20:01:50 1 1 11110 01:12-00
120 148 Kwli; Save Group 181 120 IM 122 132 Beristord Internal 123 133 Wimpey (George) 124 116 Bank of Scottand	723.1 671 779.1 451 713.7 613 710.5 112	120 \$51,5 181 902.5 37 2545.0 67 1694.0 0 N/R	890.5 4.8 108, 3065.1 -13.4 101, 1442.0 17.6 1443, N/R 0.0 176,	44.5 18 92.3 17 47.5 16 96.8 30 131.6 25	1 14.3 1 17.0 3 21.5 9 <33.0	20444 31:12.85 9105 30:05:35 17200 31:12:85 14533 25:12:85	291 255 257 255 255 410 254 324	Bitan (Peroy) Fernell Electronice Branc Walter Holdinge Untrech Gestebrer Holdinge	202.5 201.8 200.8 200.5 195.9	51 291 67 209 51 209 54 178	N/R 138.4 128.9 259.2 397.2	111.5 24.3 70.9 51.8 217.3 23.9 422.3 -5.9	27.1	8.7 8.4 82 8.8 100,4 11 4.7 50,4 22	.0 2004 20:07:09 7 2011 51:19:00
125 125 Northern Foods 125 154 Johnson Metthey 127 110 Blue Arrow 128 142 Polly Pack Intern 129 127 Calor Group	709.5 401 606.2 641 607.3 461 608.1 408 608.5 214	101 1941.2 76 1431.2 78 1306.3 110 907.1 201 236.1 501 524.7	1245.3 18.1 84. 405.7 0.0 75. 380.8 0.0 144. 313.4 -4.6 60.	60.0 29.1 66.2 64.4 -6	12 21.6 10 60.1 10 491.0 17 20,4	21994 31:03.89 6996 31:03.99 7076 "31:10:85 13631 "31:12:88 3698 "31:03:99	285 367 286 345 287 280 288 286 289 270	Nordin 8. Pescock Gentral Independent TV Spring Ram Corporation Fine Art Developments Logics	198.3 E	12 106 74 814 05 342 05 283 61 305	1019.4 264.2 85.2 220.7 124.0	904.1 12.8 239.6 10.3 90.3 45.1 196.2 12.5 101.8 22.2	25.0 16.6 25.8 14.7	22.5 26.3 20 7.3 17.8 20 84.6 12.1 40 84.7 65.3 64 85.5 11.6 76 81.3 50.1 56 83.1 -82.2 \$1	9 1677 31:12:00 7 1097 31:12:00
130 176 Stackey 131 205 Security Services 132 136 T1 Group 133 0 MB Group 134 137 Avis Europe	961.7 011 648.7 400 648.6 556 844.0 171 636.6 336 634.6 631	182 961.7 117 958.9 79 1388.0 140 623.3	488.6 7.6 87 394.0 14.1 211 855.9 12.0 86 1258.3 12.0 122 468.0 28.1 721 622.1 28.2 652	14,1 35 62,5 37 94,1 20 54,8 31	15 87,5 1 39,4 18 24,8 19 32,5	37502 30:05:36 20700 31:12:55 0 31:05:29 6305 35:02:29	291 342 282 283 282 219 294 0	Adfley (Laura) Newarth/S Menzice John (Hokfings) Bryant Group Recham Environmental Services	192.2 191.1 190.9 157.4	15 173 95 104 14 216 05 384	252.4 415.8 1022.1 259.7 16.8	201.5 25.8 343.5 21.1 671.0 0.0 201.1 20.1 13.4 46.6	26.5 1 16.1 5 50.1 5 6.8 5	40 114 9 42 00 49 44 784 42	.6 3576 51:10:98 9 12219 30:00:08 3 929 01:06:05
135 TãO Ferranti internatio 136 151 Jaguar 137 Rentoldi Group 136 778 Rentoldi Group 136 77 Storthouse 138 143 Storthouse	631.2 401 622.2 622 920.6 491 01%1 408	98 1078.3 240 213.4 98 1221.2 85 1940.5	1002_1 7.3 47, 174.0 22.7 80, 1170.0 4.3 11, 1682.0 16.5 80,	97.6 -51 87.5 53 114.9 -80 70.4 27	0 14.7 A 51.5 2 5.3 A 27.5	24647 31:00.89 12835 31:12.85 8771 81:12.88 32205 -01:04:39 34630 -03:16:89	298 386 287 322 296 201 299 296	Meggit Holdings Maniton Thompson Eventhed Chesterfield Properties Great FR Group	185.6 184.5 185.8 185.8 185.5	53 257 21 545 61 0 51 159 21 257	794.5 79.5 N/R 463.6 131.6	73.5 8.1 N/R 0.0 391,4 12.5 114.4 73.1	21.1 14.9 10.7 18.3 22.4	4.3 28.5 20 2.9 18.5 16 4.1 28.7 21 2.1 1.4 22	.0 1006 20303:00 .0 117 37:12:00 .0 4576 31:12:00
140 145 Great Portland Education 141 124 Sun Life American 140 211 Daily Mail & Gen 143 136 Laports Industries 143 136 Laports Industries 144 135 Currens Motel No. 146 147 Glymmed Industries	Boolety 002.5 141 na Trust 598.1 121 396.0 822 594.1 464	0 N/R 0 N/R 0 N/R 167 357.6 226 234.4 122 834.4	N/R 0.0 20. N/R 0.0 23. 100.5 19.5 96. 100.5 40.4 42. 556.2 31.6 82.	20.9 11 31.0 -31 75.2 28	.0 8.0 .6 3.9 .7 87.1 .3 7.6	10010 31712:00	300 376 301 288 302 276 303 268 304 325	UK Paper Kwih-FB Hokings Bradord Property Trust Cosess Brothers Portals Heidings	182.6 6 182.4 8 180.8 1 179.3 6 178.7 5	52 234 72 280 61 0 27 191 29 191 29 222 61 271	218.5 187.4 N/R 345.0 243.8	232.0 -5.5 125.5 25.4 N/R 0.0 200.4 64.8 200.0 21.9 137.3 24.9	18.0 18.5 21.4 34.3 23.5	6.0 16.3 50 8.3 11.1 27 1.9 56.6 36	1 1832 81:1200
143 134 Warburg S.G. Gro 147 138 Wolseley 146 185 Charter Consolids 148 187 Mount Charlotte 1	p 591.1 121 590.4 311 rd 584.4 611	122 6345 67 11279.9 185 484.4 300 123.7 132 884.1	N/R 0.0 1111 977.6 310 374 486.0 -4.4 673 93.4 32.5 414	111.1 0.4 76.2 26 65.2 22 28.0 42	< 21.2 4 35.2 47 16.8 49 13.3	12472 31:12.89 2930 31:03:89 13339 31:07.85 11351 31:03:89 5295 01:01.89 13710 31:03:89	305 350 306 208 307 307 306 308 308 377 310 264	Weir Group Partifield Group VSEL Consortium TVS Entertainment Randprecht Trust Stoner & Erterfange Group	174.6 1	61 271 61 202 92 164 61 229 91 0	171.4 283.5 465.9 223.6 N/R	137.3 24.9 279.3 38.9 429.6 8.4 171.9 30.1 N/R 0.0	23.2 17.1		5 3037 "301248 4 4300 30:04:09 2 16230 31:05:09 9 1512 31:05:00 1 312 31:05:00
150 150 Downy Group 131 Thighy Group 132 159 Bowater Industrie 183 154 T & N 154 T39 Costain Group 155 T33 Wilds Faber	562.5 506 560.5 511 577.6 651 576.8 551 558.6 613 568.9 142	162 310.0 65 1396.3 165 1048.8 100 1025.9	624.5 0.0 78. 4071.9 28.5 72.1 1146.2 20.7 74. 981.0 6.1 91. 559.6 22.2 69. NAR 0.0 84.	58.9 25 54.5 40	4 23.3 J 28.2 17 19.4 1 37.3 J 19.4 J 19.4 J 23.2 J 28.2 J 28.	13710 31.0339 5978 31:12.58 20300 31:12.58 40173 21:12.58 12160 31:12.58 12160 31:12.58 5070 31:12.58	311 409 212 297 313 364 314 351	Singer & Friedbander Group ASW Holdings Provident Pinumolal Group Spiran-Barco Engineering Covie (T.) Wate Covie	172.2 1 171.2 6 170.6 1 169.7 6 169.2 6 169.2 6	222 0 54 1779 21 0 56 525 71 197 71 360	N/R 392.9 N/R 106.0 462.7 70.4	339,1 19,1 N/R 0.0 05.5 7.4 321,0 44.0	18.6	7.1 0.0 14 8.4 17.9 28 8.5 182.2 30 8.5 182.3 30 4.1 142.3 28	- 256 '31:12:00 - 0117 31:12:00 - 0117 31:12:00 - 01:12:00
tig Withs Faber 155 148 Roths child J. Hol (57 155 148 Roths child J. Hol (57 156 107 Securicor Group (58 159 120 British 8. Common Obcome Group (50 150 121 Buntzl	658.9 342 fnos 536.9 121		NAT 0.9 84. NAR 0.0 154. 381.9 16.9 37. 819.7 5.3 1221 1679.5 4.5 76. 1471.5 12.8 53.	00.8 -10 110.8 20 20.0 36 130.9 -6 190.1 -64 65.7 6	18 23.2 19 16.1 14 265 12 12.3 10 20.3 19 24.3	5770 311285 64 310398 36565 3005-88 17565 61:1285 18474 305459 18795 311285	315 495 316 282 317 329 315 447 319 338 320 419	Wate Group Design Holdings Artington Securities Hunting Associated Industries Proveloci (Alexander) Huina		71 383 01 0 81 0 81 177 85 533 85 554	70.4 N/R 400.0 18.0 \$7.1	343 7054 N/R 0.0 8060 18.2 18.1 0.0 50.8 20.2		4.1 40.3 50 2.0 47.7 10 4.7 55.3 20 0.1 40.3 50 0.1 24.9 56 0.1 24.9 56	4 2088 31:1208 4 1531 *81:1208 2 93 51:0548 4 151 21:0548 7 0596 31:1208 3 1576 97:04:09 3 1576 97:04:09

moved up the rankings, the laggards tell a consistent story. The repeated advances in inter-est rates, from May last year, took a heavy toll on companies engaged in housing, retail and

bitions Group, which moved in at 338; Misys Group, the computer company, at 375 and Parkway Group, the pre-press Macallan-Glenlivet comes in at 278 Next drops from 97 to 172 services company, at 401.

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FT TOP 500: The UK

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VII

% Profit

decrease

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7

	Kinitiang bit 1987 1988 company Capita 21 358 Lity' (Hotokionan) 1	THE AT 140 7813 2010 10 16 1 16 1 22 1 31 44 4 484 19117788	Biggest profit increases (UK)	Biggest profit decreases (UK)		
	21 368 LNY: (Holdings) 1 22 343 Property Becarity Inwest. Tat 1 23 278 LNY: Becarity Inwest. Tat 1 24 316 Henderson Administration Grg 1 25 0 Kost Energy 1	190.49 161 0 N/A N/A 0.0 6.3 5.9 8.3 8.4 44 51:53:38 158.7 652 197 112.8 305.1 2.7 22.2 20.5 8.5 18.8 5666 30:11:36 158.4 122 0 N/A N/A 0.0 12.4 22.5 44.5 23.6 445 31:12.85	Rank Company Sect, rank increase	Top 500 % P Rank Company Sect, rank decre		
	26 517 Triller Europe 27 306 Scotleb Metropoliten Props 28 344 Sketchar	1978 213 306 33.3 27.6 19.5 7.1 0.3 2272.0 13.2 56 31.03.00 1972 161 0 M/R W/R 0.0 9.3 7.5 18.7 7.9 28 10.01838	1 Caird Group	1 Storehouse		
Sec. Stars Mar. 8	30 S14 Boddington Group	USL 7 406 207 217.5 131.2 11.7 17.5 134 230.0 25.1 820.0 351.3 USL 7 901 200 177.5 134.2 17.5 134 230.0 25.1 820.0 351.3 151.2 11.1 1.9 0.0 + 30.1 2746 371.12.26 165.9 421 256 94.7 91.2 5.5 14.8 14.5 2.5 10.0 382.7 371.12.26 USL 7 161 0 M/R N/R 0.0 20.8 4.3 0.0 15.5 18 310.26 382.7 371.12.26 USL 7 171 20.7 20.8 4.3 0.0 15.5 18 371.02.46 USL 7 172 17.2 17.2 17.2 10.2 80.9 17.4 1371.2 30.04:59 USL 7 102.6 133.6 1022.8 20.1 12.2 22.3 14.0 54.7 571.2 30.04:59 371.12	3 Lloyds Bank 112 31 483.9 4 Cityvision 495 478 410.8 5 Wembley Group 461 487 409.1 8 Barclava 112 13 277.0	3 Gerrard & National 121 437 4 Union Discount (London) 121 451 6 5 Kleinwort Benson Group 121 191 6 8 Manchester Ship Canal Co 303 492 6		
	34 385 Devenish J.A. 1 35 357 Westpool kneetsont Treat 7	154.4 421 304 70.3 \$1,9 35.4 11,8 10.0 14.8 14.0 2104 300285 152.4 191 0 N/R N/R 0,0 4.1 2.8 44.5 3.3 5 30.0438	7 Raine Industries	7 Astec (BSR)		
	37 333. Nortoti Canop 1 38 0 Bienheim Echibitions Group 1 39 385. Stavelay Industries 9	871.8 874 270 285.3 222.8 20.4 36.1 24.0 30.1 20.6 1772 81:10288 150.8 481 381 43.5 32.2 30.4 5.3 5.2 2.7 0.0 2001 31/1288 484.4 481.1 482.2 43.4 0.0 4.1 1.4 0.0 24%1 140 312848 484.4 481.1 482.2 23.3 245.1 24.0 1.4 1.4 0.0 24%1 140 312848 484.4 481.1 420.5 1.8 0.0 4.1 1.4 0.0 24%1 140 312848 484.4 31.0 242.3 24%1 240.5 185.2 21.8 18.1 20.4 31.5 5224.4 31.0 104.39 484.6 347.7 25.8 21.0 12.7 51.2 31.0 1777 31.12289	9 British Aerospace 523 63 248.4 10 Mildand Bank 112 36 237.2 11 Peck 551 204 233.0 12 Standard Chartered 112 91 225.1	10 London & Scot Marine Oil		
3	41 369 8.3.4 International () 42 0 Bardon Group 1 43 335 When Bowden 1	48.3 587 152 559.4 545.2 2.6 23.1 18.0 26.4 28.2 5207 31;1286 48.3 431 276 166.7 86.0 72.6 12.6 7.3 77.1 +21.9 1188 31:02:39	13 Wates City of London Prop 181 250 180,6 14 Midsummer Leisure 461 385 176,4 15 Dayy Corporation 592 253 173,7	13 Jaguar		
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	81 956 Haynood Willings 1 232 Anabachar (horney) Holdings 1 33 409 Robinson (horney) Koldings 1 54 870 Photo Me International Group 1 55 325 Wichts Group 1	381.3 351, 344 2089 113.0 85.7 16.0 12.8 46.2 65.1 4652 01:1236 381.2 481 346 781.3 65.8 16.6 11.8 9.5 18.9 40.9 1573 300430 319. 475 125 250 2504 407.7 0.0 38.1 18.3 0.0 0.0 60443 "30.08.66	22 Cabra Estates 613 413 136.5 23 Westbury 614 391 135.6 24 Capital Radio 484 374 134.8 25 Finlay 512 417 133.0	22 Chloride Group 541 444 23 Buimer H.P. Holdings 424 472 24 Daily Mail & General Trust 121 142 25 LWT (Holdings) 451 322		
	15 382 Ditvis, Godiney 2	38.7 484 401 13.6 9.2 0.0 1.3 2.2 0.0 8.5 1167 31:1286 38.0 213 388 17.1 18.8 -13.0 0.4 3.5 -08.3 1.1 10 31:12286 38.9 39.7 210 21.6 22.0 13.5 17.1 13.9 22.0 21.8 113444 31:12286 38.1 142 0 N/R N/R 0.0 17.2 12.6 36.6 100.7 30:09:96 38.3 4.06 36.3 6.7.7 24.9 147.5 13.8 5.4 86.6 1007 30:09:96	25 Finilay (James)			
	11 420 Europherm International 1 12 403 Grampian Hotdings 1 13 315 Hastaly	33.5 551 301 128.9 111.5 15.4 15.6 12.8 22.7 51.5 2554 31:10.28 32.2 691 322 108.7 59.3 83.2 10.4 8.1 69.9 38.4 2435 31:12:26 31.0 71 196 310.0 21:58 45.3 2017 13.3 65.1 61.4 4455 31:12:26				
	6 436 BM Group 1 7 444 TV-AM 1 8 450 December 2000	08.8 641 514 119.5 78.9 51.8 8.8 5.1 73.3 27.3 2018 30:06:06	The market	is cautious		
	1 394 Warnford Investments 1	24.9 181 0 N/R N/R 00 7.3 0.9 20.3 11.0 34 30.0058 24.8 461 209 140.7 113.9 23.6 17.6 17.0 -2.4 27.8 4080 23.01.28 24.6 191 0 N/R N/R 0.0 6.4 5.1 25.6 42.7 13 23.12.95				
1-29 30	S C Minya 1	23.3 464 306 60.5 22.3 36.3 0.3 3.9 134.5 162.4 160 5000/201 23.7 465 54.1 60.5 77.9 15.2 10.9 0.0 22.5 13.1 2536 31.03.39 23.2 412 405 77.9 15.2 10.9 0.0 22.5 13.1 2536 31.05.39 23.2 412 405 7.9 4.7 88.2 2.2 1.1 94.0 33.0 135 31.05.59 210 131 0 M/P 4.65 23.1 1.0 23.9 14.5 1408 31.00.05	PROPERTY companies have had a mixed year, in the strict sense of the word "mixed".	all property passed 30 per c higher than any other for conventional investme		
	7 359 Diploma 1 78 464 Senior Engineering 1	21.1 687 903 127.1 111.5 14.0 19.0 15.4 25.3 31.2 1267 30.0938 20.6 501 209 205.8 163.5 44.1 13.6 5.3 46.7 21.3 4500 31.1250 18.7 517 323 103.5 65.2 0.0 15.1 7.7 0.0 +10.0 2005 51.1250 18.3 47.2 323 103.5 65.2 0.0 15.1 7.7 0.0 +2.1 205 51.1250	They have been viewed with great caution on the stock mar- ket, so that they have traded at	Within the average, the per mance of industrial prop was the highest, followed		
Cottent 1 33	13 304 Awar Rubber 1 14 455 Russomes 1	18.0 582 329 101.1 28.1 15.4 11.3 11.2 0.7 18.3 1444 2800.289 18.4 306 366 86.2 83.9 2.3 0.0 3.8 60.7 0.0 2251 0.112289 18.4 242 254.9 201.6 12.8 16.4 42.0 37.2 51165 71112289 18.5 567- 339 82.1 0.12 13.4 13.2 9.7 35.0 37.4 116.2 11.4 45.4 125.6 71112289 11.2 11.7 31165 71112289 116.3 117.2 11.2 9.7 35.0 37.4 118.2 71112289 73.4 12.4 13.2 9.7 35.0 37.4 112.4 12.6 73.7 12.6 73.1 12.6 73.1 12.6 73.4 12.4 4.4 4.4 10.1 110.6 73.00488 73.1 12.6 73.1 12.6 73.4 73.4 4.4 <td>progressively widening dis- counts to their net asset val- ues. But they have had spar-</td> <td>offices, with retail, unsurgingly, at the bottom. Since then, the level</td>	progressively widening dis- counts to their net asset val- ues. But they have had spar-	offices, with retail, unsurgingly, at the bottom. Since then, the level		
35 35 ** .6a 35	6 362 Persiamon Group 1 7 489 Mildourmer Leisure 1 12 0 Eille & Everard 1	17.5 614 515 113.2 73.7 01.8 29.6 12.4 138.5 79.8 525 51:1248 18.5 491 914 401 17.5 1208 64 53 128.4 251 2132 30.0248	kling experiences outside in the direct market where, it appeared, just to be there was	on-year basis has drifted do ward to just over 20 per o		
	6 381 Weekbury 11 1 418 Existen 11	18.1 652 23.6 214.3 151.7 41.7 1.6 2.8 27.5 10.0 1513 30.04230 18.1 15.7 0 N/R N/R 0.0 15.4 10.0 53.6 0.0 4546 3117230 18.5 61.4 28 27.5 10.0 1513 30.04230 18.5 61.4 28 27.5 10.0 4546 3117240 15.6 61.4 28 27.5 30.0 4546 3117240 15.6 61.7 21.6 24.5 30.3 15.4 12.5 50.0 307.0 307.2 307.2 307.2 307.2 307.2 31172.00 311.12.00 3	sufficient to make a profit. The disparity between the perceptions of the stock mar-	The downward trend has t firmly established. But th are two points about this.		
88888 8888 8888 8888 8888 8888 8888 8888	6 487 Bentalis 11	14.3 661 336 67.9 96.9 2.1 13.5 10.4 29.7 23.1 2785 3056388 14.3 469 351 74.7 71.5 4.8 4.0 4.8 -0.9 20.2 1635 26:01:00	ket and the performance out- side comes back to the very simple fact that the stock mar-	first is that returns of 15-t per cent are seen in the in try as normal; what happe		
		13.2 451 30.5 124.8 31.8 85.8 0.8 7.5 24.3 67.4 1406 31:12.86 12.7 42.4 32.8 104.3 96.9 20.1 10.0 12.0 53.3 67.4 106 31:10.58 12.7 42.4 32.8 104.3 96.9 20.1 10.0 12.0 53.3 67.4 106 31:10.58 12.5 413 20.9 214.4 180.0 17.2 18.7 14.7 27.2 40.0 4026 31:03.49 12.3 691 37.6 104.5 65.0 15.2 8.2 69.0 41.9 402 31:03.49 12.3 631 37.6 44.9 14.7 204.7 8.4 2.5 233.0 68.3 1696 31:12.26	ket did not believe, and now believes even less, that the surge in property values can	in 1987-88 was abnormal. second is that returns on p erty investment are still		
44 44 44 44 44 44 44 44 44 44 44 44 44	11 O Partsway Group 11 12 2055 Falms industries 11 13 435 Marshells 11 14 205 McCanity & Shone 14 16 209 London Fortheling 10	11.0 471 342 43.0 8.6 402.5 4.8 1.3 266.0 0.0 0 50.002.20 10.8 613 345 206.7 42.1 306.1 13.4 3.8 274.4 35.0 2167 30.002.20 10.4 311 282 162.2 10.0 23.0 15.1 0.0 44.0 2963 73.05.89 10.7 71.2 283 34.7 86.9 2.3 2332 37.05.89 10.7 71.2 86.9 51.4 34.1 24.9 25.9 2.332 37.05.89 10.2 10.0 10.7 81.4 34.1 24.9 2.9 2.332 37.05.89 10.2 11.0 10.0 20.0 16.5 21.1 8.9 64 31.12.89	last. So it has been that every event outside which might	ning higher than those on e ties and gilts. Yet the stock mark		
	6 393 Time Products 70 7 431 Love Howard-Spirk & Bell 10 9 471 C.H. Industrials 10	28.7 448 361 62.0 38.8 15.2 17.3 11.5 60.5 43.1 1099 31:01:30 84.4 662 175 404.3 232.4 21.5 16.5 11.1 40.6 53.3 1452 731:12:68 17.5 591 260 191.0 110.0 73.8 13.3 9.5 85.4 33.0	affect the performance of a property company share has tended to be interpreted in	causes for worry about future of the sector canno lightly dismissed. There		
	0 423 Branmer 10 1 404 National Home Loans 10 2 407 Sharaton Sees International 10	77.2 881 319 112.0 87.7 14.6 13.4 11.5 10.0 33.2 1279 311288 17.2 122 0 10/R 10/R 0.0 23.1 11.1 108.5 3.2 408 3008.88 17.1 181 0 - 10/R 10/R 0.0 23.2 11.3 104.9 24.0 38 31.03.89	gloomy light: a rise in interest rates, the introduction of value added tax on commercial prop-	been a period of high devo ment activity, starting in City of London and spread		
	6 D Lilley 10	364 361 225 2362 220.5 7.1 17.7 14.1 25.8 14.6 3413 31:10:36 364 522 279 166.7 114.6 36.6 17.8 14.0 27.0 24.1 3368 31:12:58	erty transactions, and so on. It is significant that the only property companies in the top	outward. It is a moot p whether, in the short term, level of demand is str		
	9 488 Thoury Group 10 9 46 Shitarollim Reprographias 50	MLS 613 286 184.5 140.2 31.5 14.7 8.4 55.8 54.5 2364 31:1288 MLO 601 397 15.0 11.5 30.7 4.0 3.6 32.1 94.5 490 30:0636	150 of the FT Top 500 are prop- erty-investment and develop- ment companies; those with a The development peek coincider			
	2 488 Low (William) 10 8 425 Cleviont Properties 20 4 871 Bucknest 10	BLB 475 377 44.5 38.3 16.2 0.0 7.1 33.8 82.4 611 31:12:88 BLS 4402 2763 280-2 247.8 7.2 7.1 8.1 42.2 16.1 8005 B000848 BL3 161 6 MR 1007 17.4 14.1 22.3 16.5 27.6 31:288 BL3 161 6 MR 1007 17.4 14.1 22.3 16.5 27.6 31:288 BL2 4642 181 351.5 277.6 0.0 10.4 13.5 0.0 46.5 34:28 *28:0488 BL2 4645 131 351.5 277.6 0.0 11.0 -64.7 17.4 4205 01:02:49	substantial stake in the market through long accumulated which followed the crash investments, whose develop- meant that a much greater	discount, but over the last 10 likelihood of a downturn in years this has averaged out at level of economic activity.		
47 11 40 9 24 40 42 41 40 1 42	7 499 Expense Internetional 10 8 0 EBS Group 70 6 0 Charantait 10	127 213 400 44.2 22.8 47.9 1.9 4.7 492.5 4.1 42 31:12:48 11.3 691 316 115.9 100.5 10.0 10.3 8.4 22.7 30.2 2240 31:12:88 17.2 595 318 112.9 87.0 27.5 10.0 8.3 15.4 20.8 3195 31:12:88 0.8 171 398 31.9 6.0 0.0 12.4 0.7 0.0 422.3 254 32:000:38 0.1 181 0 W/R W/R 0.0 21.3 24.9 41.8 63.3 4996 33:11:268	ment activities are designed to add value to the investment portfolio. They contrast with Those with a strong asset base	23.9 per cent, so present perfor- mance indicates a sluggish market, will be translated into prop as immediate plans for the ing of extra space are put a		
	1 448 Whiteoroft 2 495 Endose House Group 1 5 9	8.6. 691 282 137,1 947.5 -3.1 15.4 12.1 25.8 22.9 2836 31.03.89 8.6. 634 275 -106.1 12.8 61.9 16.3, 9.2 63.6 71.72652 31.03.89 8.6. 635 12.6 12.8 11.2 102.8 11.9 16.3 12.6 12.6 12.6 12.6 12.6 12.6 12.6 12.6	the development companies, tended to be favoured. Those seeking to establish stronger without, those who had asset bases or trading on their stressed earnings per share, format the stressed the stress	What has been happening is that the dire predictions of the stock market have looked as if there will the companies with a		
12 43	5 0 Vibroptent B Britten Group	8.4 311 2/0 54.2 36.8 51.2 11.1 7.5 48.0 31.8 1058 31,33,58 8.0 121 0 MB MB 0.0 17 7.5 758 0.0 430 050459	developments in the interests found themselves with fewer of establishing strong earnings per share. During 1988, the perfor-	they might be coming true. It expensive and uncapped fir was inevitable that they cing and empty space. should, Given that the direct The property companies		
	9 281 Page like Properties 9 9 452 Blackwood Hodge 9	6.6. 181 0 N/A N/R 0.0 25.6 22.7 12.6 15.5 2490 31:33:59 6.6. 851 174 472.5 302.9 36.2 16.5 12.5 24.0 21.5 3676 31:12:35	There have been no meteoric mance of property shares, pul- shifts in position in the FT500 led upward by the investment among these investment com-	property market has tradition- ally moved in cycles, with peri- ods of very high returns punc- been much shuffling		
44 143 7 44	3 403 A.B. Electronic Products 9 4 347 Chioride Group 9 5 379 Pestos 9	5.4 581 253 198.7 171.8 13.8 16.4 0.0 105.9 31.5 6003 20.08-88 5.1 541 190 245.3 207.9 12.1 12.2 16.2 -33.0 15.1 12175 31.03.89 5.1 696 312 120.8 20.0 24.2 11.0 7.8 41.0 38.2 2375 31.12.28	panies: Land Securities, MEPC, ger than the market. But this Hammerson, Slough Estates, year property shares have con- British Land and Great Port-sistently underperformed the	tnating periods of flat return, sooner or later predictions of a downturn were bound to be make the largest prop		
	6 C Armstrong Equipment 6 3 327 Brown (N.) Group 9	446 172 0 MPI MPI 0.0 12.1 6.5 128-0 31.6 707 31:22:00 4.4.5 053 307 65.7 40.6 39.8 4.4 1.9 128-0 39.7 317 31:08:08 4.1 671 294 134.4 121.7 10.4 7.1 7.7 7.6 16.3 2847 102/926 4.7 671 294 134.4 121.7 10.4 7.1 7.7 7.6 16.3 2847 102/926 4.7 472 39.1 137.7 100.5 7.2 9.1 13.3 -84.7 19.3 1401 0.403390 1.7 452 387 90.2 48.1 108.5 9.5 6.2 63.4 +67.5 1061 31.03399	land Estates. And this steadi- ness is directly attributable to the view which the market bas been on a discount of around	proved right. Retrospectively, it is clear that the direct market hit the investment companies cla defensive stocks. And re- rises in the last three y		
	1 402 Union Discount (London) R 365 Wierner Estate Holdings R 3 0 Caling Group R	8.7 121 0 N/P N/P 0.0 2.5 11.1 48.7 0.0 236 31:1228 8.3 161 0 N/P N/P 0.0 0.0 4.4 30.4 10.2 132 30.0628 2.7 406 408 6.8 1 1 436.7 1.0 0.0 236 10.0 127 30.0628 1.7 611 574 45.6 26.6 26.6 844 7.8 4.7 65.5 66.4 693 30.0628 1.4 533 3355 87.6 28.3 63.2 4.4 2.1 106.1 +2.1 441 26.0299	taken of property companies 35 per cent to their net asset ever since the equity crash of value, the biggest discount october 1987. The change in sentiment ince 1982. Investment compa- ince 1982.	peak of its cycle at the end of mean that, with full buildi 1988. For that calendar year, their income increases. total returns ~ made up of capital and rental growth ~ on Paul Choesen		
44	5 0 Quadrant Group 7 8 451 Microgen Holdings 9 7 380 Anter (BSR) 9 8 0 Thornhons 9 9	1.4 541 356 39.5 36.4 11.5 10.0 0.0 4.2 121.5 648 31:10:86 1.5 651 269 206.6 206.5 -1.3 6.2 10.4 -62.1 9.3 12060 31:12:66		capital and rental growth - on Paul Cheeseri		
	2 0 MTM 9 2 0 Lownles Queensway Group 8	12 451 372 62.5 46.3 13.5 7.5 6.2 22.0 33.1 2210 28.0656 0.5 484 396 63.3 42.8 0.0 8.1 0.0 0.0 19.2 2416 33.1 2210 28.0566 0.3 475 396 63.3 42.8 0.0 8.1 0.0 0.0 19.2 2416 33.1 2210 28.0566 0.3 475 396 29.5 14.8 99.3 3.7 2.1 76.7 +91.9 356 31.0568 0.4 491 2282 221.2 0.0 0.0 8.1 0.0 0.0 +14.8 6634 25.1 25.7 5371 31:1268 0.4 491 2282 221.2 0.0 0.0 8.1 0.0 0.0 +14.8 6634 25.1 25.7 5376 31:12696 0.4 561 270 172.8 147.0 17.5	Carlton			
	s O Repintaniv Ø 5 495 Shepdwick 8 3 495 Alex Koot Hotifican Ø	8,1 471 366 68.3 26.3 141.3 0.0 3.4 159.2 +59.6 957 3137758	SNAMPROGE	тті		
45	3 417 Wambley Group 50 944 Hioma Robert 50 9 0 BSS Group 8	8.9 461 576 44.0 51.1 41.4 11.2 2.2 409.1 11.7 1960 31:12:86 8.4 652 253 187.5 166.1 20.1 154 13.1 17.2 42.9 849 30:0956 0.0 652 396 190.1 105.2 23.6 12.2 10.1 20.9 36.6 1033 31:33:35	its many European offices	ΠVE		
	2 424 Bulmer H.P. Holdings 8	9.7 121 0 N/R N/R 0.0 6.4 3.4 60.3 10.0 0 31.07:56 7.9 464 205 196.5 177.5 9.5 10.2 10.0 452.1 20.0 1550 25.04359 7.5 462 196.5 318.6 106.7 63.3 12.2 190.0 37.5 363.2 25.14250 7.4 407.2 396.5 318.6 280.0 128.2 13.3 6.3 126.0 0.5 7.25 31:2260 7.1 49.6 573 31.5 42.4 21.7 8.5 4.1 46.2 1.4 10.46 312.6569	should help to open up the con- timental European market for the UK company. ADDRESSES THE			
47	5 0 Cityvision 5 r 387 Wardle Slorvys 8 425 Asda Property 8	7.5 465 390 1,4.7 4,2 262,0 5,4 1,1 410,0 74,1 652 31,11:36 8,0 622 349 78,3 69,1 15,4 76,5 12,7 29,3 38,8 1977 31,00,39 6,1 161 0 0,0 3,5 87,3 72,1 35 51,72,29 36 11,72,29 36 11,72,29 36 11,72,29 36 11,72,29 36,31 12,72,1 35 51,72,29 36 11,72,29 46,00 14,4 8,7 16,0 30,9 12,1 35 51,72,79 12,03,39 12,1 35 11,72,1 36 11,72,1 36 11,72,1 31,03,39 14,9 14	Apart from getting his hands on some of the latest digital television equipment - the	national engineering contract		
) 349 Barkeley Group 8	4.2 \$14 398 \$5.6 54.0 76.9 19.3 11.1 73.2 53.6 537 50.0958 4.2 181 0 N/R W/R 0.0 0.0 4.0 45.0 15.1 42 30.0658	things to fly through the air on	of the ENI Group, is working worldwide on the develop ment, design and construction		
	478 Almon Gröup 8 5 474 Mathews (Bernard) 8 5 454 Dpsylmwir: 8 407 Black (Pater) 8	5.5 573 176 400.5 532.5 21.5 18.4 8.7 0.0 10.7 2163 202.520 3.5 411 204 138.5 70.0 0.0 10.0 8.5 0.0 63.9 63.97 22.00.89 3.5 411 204 138.5 70.0 0.0 10.0 8.5 0.0 63.9 63.97 22.00.89 3.5 411 204 138.5 70.0 0.0 10.0 8.5 0.0 63.97 22.00.89 3.5 411 204 138.5 10.0 8.5 0.0 83.9 23.00.89	contemporary talevision screens - Mr Green's achieve- ment has been to appreciate, at a early stage, how fast the tele- vision industry is likely to	of industrial facilities and as sociated infrastructure which include pipelines and plant		
2000	0 Lite Sciences 5 0 Johnson & Finh Brown 8	1.5 482 306 48.5 18.9 0.0 8.1 1.5 0.0 31.1 677 31:1284 1.6 666 332 99.2 83.8 18.4 7.7 6.6 36.8 22.5 2314 30:09:06	vision industry is likely to grow because of deregulation and technical change. He has embarked on a pro-	for offshore processing, refin ing, gas treatment, fertilizers		
		1.0 421 371 52.9 40.1 7.0 7.4 6.7 10.0 11.4 1210 \$1,33,29 0.0 303 392 22.3 23.4 4.6 0.6 1.4 -64.4 1.8 752 31;12,20 0.0 303 392 22.3 23.4 -4.6 0.6 1.4 -64.4 1.8 752 31;12,20 0.4 421 347.7 77.2 99.7 -21.3 9.0 0.0 51.8 11.0 2764 31:30:309 0.4 4751 .0 1.0/7 8.5 103.1 12.8 1276 30:00:208 0.1 571 23.0 246.3 125.8 10.7 8.5 103.1 12.8 128 30:00:208 0.1 571 23.0 246.3 83.5 10.1 0.0 75.1 41.4 1205 31:12:268 1.1 571 23.0 24.6 33.5 10.1 0.0	year, of trying to ensure that	chemicals, metallurgical pro- cessing and waste treatment With a background at more		
12 49 49 49 49 49 49 49 49 49 49 49 49 49	O LIT Hokings 7 O Autoey Group 7 dit Progueon Industriet Hekings 7 dit Progueon Industriet Hekings 7 dit Processes	UL 1871 0 N/R N/R 0.0 3.5 8.5 0.0 20.4 921 *31112589 7.5 6671 4007 3.3 8.0 0.0 0.1 0.0 0.0 4.2 60 22700588 7.1 6752 2869 128.5 127.5 1.8 18.1 1.1.4 14.7 31.9 3204 28302259 7.1 1671 0 N/R M/R 0.0 1.2 0.8 58.7 0.6 0 31303589 8.3 1871 0 N/R M/R 0.0 9.3 4.8 101.4 9.4 135 31303589	whatever technology is used to deliver pictures to audiences	than thirty years of professio nal experience, SNAMPRO GETTI is able to offer its clients		
			broadcasting transmission	highly qualified services and		

ssed 30 per cent, ny other form of investment. rage, the perforstrial property st, followed by etail, unsurpris-

the level of as drifted downver 20 per cent. trend has been shed. But there about this. The turns of 15-to-20 en in the induswhat happened abnormal. The returns on prop-nt are still run-un those on equi-

tock market's sector cannot be sector cannot be sector cannot be sector cannot be starting in the n and spreading a most point s a moot point short term, the and is strong sorb the space

created. of development downturn in the nic activity. This ted into property plans for the tak-ace are put aside ighter economic problem will hit lies with both uncapped finan-y space.

companies in wever, will tend that. There has shuffling of t into long-term oog asset bases rgest property npanies classic ks. And rental ast three years th full buildings, CTEASES.

E FOOTNOTES TO THE UK 500 LIST

 FOCE based on shareholders' funds after oraging
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27. Bordon and Manchester Group, profit is net of tax.
27. Bordy Shop Intermetional, year-end change is 2020/ 29. Figures are pro-forma. I/CCE based on pre-tax profit.
28. Bordon and Manchester Group, profit is net of tax.
29. Figures are pro-forma. I/CCE based on pre-tax profit.
29. Bordon and Manchester Group, Browster, 1968 Gigures are for 53 weeks to 2010/20. 228 Sema Occup. Marger of 56 weeks of 500 weeks to 5000/408. 226 Financia Assurance, profit is net of tax. 289 Evered.
29. Financia Assurance, profit is net of tax. 289 Evered.
20. Bordon and Manchester (Browster Company) Evered Holdings. 247 WPP Group, 28 Evered.
30. Financia Assurance, profit is net of tax. 280 Evered.
30. Financia Assurance, profit is net of tax. 280 Evered.
30. Financia Assurance, profit is net of tax. 280 Evered.
30. Financia Assurance, profit is net of tax. 280 Evered.
30. Financia Stock Exchange fishing Boosmber 1808. 1997 Figures propared Assocrating to the profit figures propared assocrating the stock provide assurating merger with Burrish to 11/2008. AMB St Ives Group.Sigures propared assocrating the provide assurating merger with Burrish to 11/2008. AMB St Ives Group.Sigures propared assocrating the provide assurating the provide provide provide assurating theorem of the operation of year. 272 Frogmore Estimat, Figures propared operating of year. 273 Frogmore Estimate, Figures propared operating of year. 284 Generators in specific Composition Contin. 2007 States to 51 Weeks. 300 TVG Enterprises to 120 States and the provide assurating merger with Burrish States 2000 finance of the specific conting the provide assurating theorem of the specific conting the provide assurating merger with Burrish States 2007 States and the specific conting to the months to 31/12007. NGCE based on assuration theorem of year. 280 Generators in the year's figures are for 55 weeks to 31/12008. CoCE based on assurating provide assurating merger with Keither pro

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scember 1998. Self Evode Group, this year's figures are for 53 weeks to 01/10/83, 249 Cray Electronic Holdings, figures are unaudited 348 Anglo Group, formerly Anglo Lessing, 358 WCR5 Group, this year's figures are for 14 months to 30/02/63, ROCE annualised. 348 Leisure investments, this year's figures are for 0 months to 31/ 2008, figures include results from Scioon Group from 18 April 1989, 368 Johnson Group Cleaners, This year's figures for 12 months to 31.45, 345 SD-Scicon, 1988 figures include results from Scioon Group from 18 April 1989, 368 Johnson Group Cleaners, This year's figures are for 53 weeks to 31.12.66, 375 Missys, ROCE based on capital e mployed assuming marger with Detailer effective at beginving of year. 369 Trinity International Holdings, 1988 results ere for 53 weeks to 31.12.86, 353 Avon Rubber, 1957 figures are for 33 weeks to 30/10/67, 364 Ransomos, formerly Ran-somes, Sime 6. Judrise, 422 Gabra Estaba, for-many Gonrad Holdings, rill Lilley, formerly Fild Sudgers, formerly Berler and Dolson Group. Year-446 change to 23.04.56, 1869 figures are for 70 weeks, last year's figures for 11 months to 31/12/88, 428 Budgers, formerly Berler and Dolson Group. Year-446 change to 23.04.56, 1869 figures are for 70 weeks, last year's figures for 12 months to 25.12.57, 436 Chantenal, Inti-year's figures for 12 months to 25.12.67, 436 Chantenal, Inti-year's figures for 12 months to 2000/08 tast figures for 12 months to 51.12.86, 465 Microgen Holdings, Fig-ures prepared ascording to merger-accounting princi-ples.ROCE based on capital employed assuming merger with Mary Morrison Li2, effective at beginning of year. 458 GVC Emed en capital employed assuming merger with Mary Morrison Li2, effective at beginning of year. 459 GVC Emite Restaurants, formerity Bellander, Joures figures for last year available. 457 Pladon, fils year's figures are for 0 months to 31.12.87, NOCE based on aptital employed assuming merger with Gartineties froute are for 50 months to 31.12.67, Ast Planton, is year's figures are

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gy company , is working ne developconstruction ities and ass and plants essing, refin-nt, fertilizers, lurgical prote treatment. und af more of professio-SNAMPROfer its clients highly qualified services and support covering a range from individual pockages of integrated services up to complete "tum-key" projects. The scope of these services for most projects includes: technical and economic feasibility studies, conceptual design, project financing arrange-ments, commercial and technical management, basic and detailed engineering, risk analysis, procurement, quality ossurance, construction, train-ing of skilled workers and

READY FOR ANY CHALLENGE

VIII

FINANCIAL TIMES TUESDAY DECEMBER 19 1989

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Company

NFC

British Steel

Compass Group

callan-Gle

Bardon Group

Capital Radio

Parkway Group Southern Busine

Cabra Estates

Lilley _____ More Q'Ferrali EIS Group _____ Charterhall ____

Yorkshire Televisio

Everard Wagon Industrial Holdings Peek

TIP Europe

Anglo Grou

Misys

Macanan-Generol Vol. Garadon Recham Environmental Services Kelt Energy Blenheim Exhibitions Group

y Docks and Harbour Co

ness Group

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FT TOP 500: Sector and Company profiles

Add

ditions to the UK Top 500					Departures from the UK T					
	This Rank	SR	Сотралу	This Rank	SR	Company	Last Rank	SR	Company	
	29	633	Tibbett & Britten Group	435	308	Rowntree	30	451	Hall (Matthew)	
	109	302	Vibroplant	438	611	Metal Box	114	672	Sandell Perkins	
	133	171	Whatman Reeve Angel	442	568	Associated Newspaper Hidgs	128	472	Ruberold	
	229	551	Barrett (Henry)	447	563	Magnet	168	511	Local London Group	
	259	484	Armstrong Equipment	448	571	Harris Queensway	182	491	Freshbake Foods	
	266	611	Caird Group	453	406	Pleasurama	193	461	United Scientific Holdings	
	278	422	Quadrant Group	455	533	Atlantic Computers	204	482	DPCE Holdings	
	278	611	Thorntons	458	451	Birmid Qualcast	216	563	Church (Charles) Devs	
	294	408	FKB Group	460	475	Croda International	222	521	Empire Stores, Bradford	
	325	213	MTM	461	622	London Merchant Securities	224	161	AGB Research	
	338	481	Lowndes Queensway Group	482	491	Collins (William) & Sons	233	472	Aurora	
	342	631	Senishaw	454	561	Pilgrim House Group	234	541	Walker Greenbank	
	344	304	Piaxton Group	487	304	Peachey Property Corporation	251	161	Holis	
	348	122	BSS Group	470	563	Carless	261	213	Trade Indemnity	
	356	464	Close Brothers	471	121	Sejam Group	262	-193	Ward Holdings	
	373	464	Leigh interests	475	406	Telephone Rantale	269	533	International City Holdings	
		482	Cityvision	478	495	Kannedy Brookes	293	464	London United Investments .	
	375	305	Powerscreen Internetional	488	566	Landleisure	294	161	Brent Chemicals Internation	
	382		Life Sciences	489	402	Virgin Group	304	461	Amari	
*****	388	622 591	Johnson & Firth Brown	490	568	Falcon Industries	316	591	Hogg Robinson & Gardner M	
	399	551	Fuller Smith	491	421	Thomson T-Line	338	171	Tyndall Holdings	
	400		Manchester Ship Canal Co	492	303	Nu-Swift Industries	348	591	Lawrence (Walter)	
	401	471		493	421		356	161	Austin Reed Group	
	409	534	Mansfield Brewerles		161	Acatos and Hutcheson		451	Trencherwood	
	413	613	Ailied London Properties	494			361	611		
-	416	614	Western Motor Holdings	495	571	Wickes	364		GT Management	
	421	475	LIT Holdings	496	161	Travis and Arnold	372	611 551	Fairbriar	
	428	586	Ashley Group	497	651	Cap Group	373		MBS	
	429	171	Brookmount	500	161	Eagle Trust	378	591	Scotlish Heritable Trust	
	433	461				Reed Executive	391	481		



even more new angles and perspectives For Capital, deregulation is like

Capital Radio: into the charts at 373

A bigger share of the ads

RADIO HAS been one of the most dynamic stock-market sectors over the past year, and Capital Radio, the largest and most profitable commercial radio company, has been one of

the industry's star-performers. The near-doubling in the share price over the past year has seen the group's market capitalisation climb to about £165m (\$258m), and reflects both the company's earnings sentiment arising from the der-egulation of the broadcasting industry. In terms of earnings, Capital hae seen pre-tax profits increase from £3.94m in 1987, when the company joined the market, to £15m in the year to the end of September 1989. The principal factor in this upward trend has been the strong growth in advertising revenues enjoyed by the sector as a whole. Radio rate-cards are on average about one-quarter the price of television com-panies', which has combined with improved audience research and marketing to give radio stations an increasing slice of total advertising expenditure. Audiences have also been

aimed at the 15-24 age group, wins about 17.1 per cent of itself has stakes in 12 other commercial radio companies, London listening, and Capital Gold, which broadcasts on AM, but the size of audience reach provided by its London fran-chise prevents it from owning is aimed at 25-44 year olds and wins about 8 per cent. The splitting of frequencies, which has followed a relax-

any other stations. This restriction may be cased as a result of the legislaation of IBA regulations, allows commercial radio com-panies to expand their audition aimed at reforming UK broadcasting, which is cur-rently at the white paper stage. More certain is that three new ence reach, and hence reve-nues, with little additional national channels will be cre-ated, and Capital is an obvisult, th

mistic about the effects this expansion will have on the larger groupings such as Capi-tal. For one thing, the estab-lished companies have the expertise with which to assist the new stations, and links are already being cemented through cross-holdings and

stake building. More fundamentally, the expansion of the commercial radio sector as a whole is expected to enlarge its share of BRITISH STEEL: in at 29

Looking for a partner

FROM THE frying-pan into the fire --- that has been the recent course of British Steel. From being one of Europe's biggest lame ducks, the former state-owned steel-maker has emerged with such force into the top of the world steel rank-ings that it now finds itself under the harsh, unremitting giare of the London stock-mar-

The fire, of course is nowhere near as bad as the frying-pan; and under the market's spotlight is just where the company has always wanted to be. It saw its long-term dream realised when it was privatised at the end of 1988, and straight away it enters the FT UK Top

500 at number 29. British Steel got a taste of the atmosphere that the stock market breeds when the company announced last month that half-year pre-tax profits to September had leaped by 57

per cent to £423m. That was a full 550m above most expectations. But it did precisely nothing for British Steel's share price. That was because the management's sat-isfaction at such a performance was tempered by the toughest warnings yet about declining demand and weaker prices. Within an hour, analysts were back in their offices scribbling £720m as a likely pre-tax out-torn for the full year, but a figure around £100m less than

that for next year. British Steel's management Is too knowledgeable and too tough to be surprised by the City. Those two qualities --plus a massive dose of state aid, a great deal of suffering

after exceptional items.

cost producer - though not the most productive. The pro-portion of steel made by the efficient continuous-caeting method has risen steadily to 85

Last Rank

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Ensign

Investors Capital

Merchants Drayton Conso Fleming Japan Murray Income Second Aliland

T R City of London Northern American T R Property

Temple Bar Govett Atlantic

Throgmorton Trust

Monks Secs Truet of Scotlandd F & C Pacific

per cent. Pre-tax profit last year was 5596m, and the company spent more than £200m on capital investment in the first balf of this unce the proventing the provention of the prothis year. It recently strength-ened its stockholding position in the UK with the purchase, still to be ratified, of C.Walker, Britain's largest stockholding company, giving British Steel control of about 35 per cent of the British stockholding market.

The rest of the European steel industry pays tribute to what British Steel's management and workforce have done. There is no question that it is now a leading, well-run pro-

ducer. However, for basically a one-product company, with its operating base in a somewhat fragile domestic economy, Brit-ish Steel inevitably confronts a series of difficult short- and long-term issues.

Its plant configuration is unsatisfactory. In the short term, this will probably lead to the closure of one of its two plate mills. Through the 1990s, it will almost certainly result in closures of one or more of its integrated sites. Five sites are probably two (possibly

three) too many. British Steel would almost certainly like a partner in Europe, preferably fied into the big West Germany market, where the British company's

UK profitability: FI	Top 500	
By sector (Composite)	ber of companies 74.0	¥
Aerospecs/Delence/Aircraft Manu (4)	STREET, STREET	
Commercial banks (6)	77.4%	
Business serv & Comp software (4)		
Printing (4)		÷
Homebuilding (11)	A	. بخر ب
investment trusts (2)	54.0%	
Diversified consumer services (14)	42.0%	
Construction (16)	44.3%	· .
Communications & Office equip (4)	41.7%	. ' •
Engineering services (13)	43.8%	÷.,
Mining & Extractive Inds (comp) (7)	43.6%	
Forestry products (2)	40.5%	
Machinery (composite) (21)		
Advertising (5)	38.8%	.· '
Wholesale - non durables (3)	38.5%	• •
Fieni estate (39)	35.4%	· · ·
Otvensified industrial (manu) (26)	and the second se	·. ·
Ententsimment/Photography (18)	34.2%	<u>.</u>
Insurance - multiline (7)	33.9%	-
Auto parts/Tyre 6 rubber goods (11)	31.6%	•
Restaurants & hotels (8)	30.3%	7 1
Insurance - Ele/Agents & brokers (11)	25.8%	۰.
Building materials (21)	24.9%	•
Containers Inc tabricated metal (3)	24.1%	. '
Retail - grocery cheins (10)	21.2%	` <u>'</u> ; ;
Beverages/Tobacco (19)	20.8%	· · .
Heavy engineering (3)	20.9%	
Broadcasting media (3)		• •
Diversified holding companies (12)	20.0%	
Food processors (18)	18.8%	•
Transport/Storage & warehousing (19)	17.0%	
Electronics (23)	4 16.5%	
Druge/Hosp supply & management (5)	15.8%	
Publishing inc newspepers (8)	14.7%	• .
Investment companies (1)	14.376	- 20
Becirical equipment (8)	TATA Percentage	•
Chemicals (diversified) (13)	13.9% change	1
Paper & paper products (10)	12.5% based on	1
Retail - misc/speciality/drug (17)	laga pre-tax	Ł
Financial services (9)	ast profits	
Chemicals (5)	JUR0 1980	
Telephone networks (2)	7.3% june 1989	1
Health care (5)	7.5%	
Netural cas utilities (1)	1.2%	
Retail - dept store/gen merch (10)	15.6%	·
	27%	·*
Petrolaum products (2)		
-49.0%		· _ 1
82.9%		
-87.1% : Armelan 45. Marsh	Oil - International/crude producer:	(11)
-92.5%	Financial Institutions (14)	
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TOP 100 UK INVESTMENT TRUSTS BY MARKET CAPITALISATION

Rank	Investment Trust	Market capital £m	Share- holders funds Em	% Dis-
1	Globe	960.057	1176.610	.17.7
2	Foreign & Colonial	762.010	928.907	18.0
3	Edinburgh investment	548.936	721.994	20.1
4	Alliance	532.728	653.380	18.5
5	Witen	476.574	659.023	20.8
5	Scotlish Mortgage	458,114	574,716	19.3
Ż	Scottish investment	396.501	566.553	16.4
a	British Investment	373.770	467.704	20.1
9	Scotlinh Ensiers	350,592	427.526	. 18.1
10	Fleming Far Eastern	343.224	421.989	19.2
11	Govett Orientel	342.325	415.037	17.5
12	Fleming Morcandle	309.971	396.241	22.3
13	Angle & Overses	309.516	373,707	17.2
14	British Assets	295.680	358.878	17.6
15	T R Trustees Corp	272.201	316.369	14.5
16	Murray International	263.336	305.676	13.9

257.175

253,724 252,677 246,835

243.063 239.468 217.258

198.598 189.210

186.470 185.400

184.410 181.738

179.712

168.754

152.240 150.336 140.941 139.134 135.346

334

314.280 296.168

272.082

274.574 386.639

267.166 226.961 236.009

217.022

230.627

223.619

210.818 221.061

199.117

192.249 170.974

168.915 191.685 161.712 157.563

137.540 153.729 148.430

increasing, partly as a result of the splitting of broadcasting frequencies into two wave-lengths. Capital FM, which is extra income moves swiftly to ously strong candidate to win the bottom line. The operation of an increased number of stations by existing companies is one of the reasons for increased opti-

activity and the implications of further industry deregulation.

industry forms into a handful

of larger groupings. Capital

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Design: Andrew Chappin and Philip Hunt

Editorial production: Martin Davies

The survey was co-ordinated by Jeffrey Brown.

Reprints of this Survey (price £14) will be available in January from The Financial Times, Reprints Department, Number One Southwark Bridge, London SE1 9HL

The past 18 months has seen a bout of mergers, stake-build-ing and acquisitions as the

one of them. For Capital, like the industry as a whole, however, deregulation is also likely to mean a plethora of new stations and consequently increased compemism surrounding the sector as a whole. Equally important tition is the increase in corporate

Plans for an additional 20 stations are already under way, and the IBA, which will itself be abolished under the proposed legislation, estimates that there will be more than 100 new local stations. But most analysts are opti-

national advertising revenues. Some justification for this viewpoint comes from international comparisons. Whereas, in the UK, the 50

or so commercial radio compa-nies take only about 2 per cent of advertising revenues, in France, which has over 1000 stations, the share is over 8 per cent. Part of the reason lies in the better targeting of audi-ences, in terms of both age group and geographical loca-

But Capital's fortunes are not tied exclusively to radio. It has a 50 per cent stake in MAC TV, a television production house, and earlier this year bought Ewart, a television production facility. With the trend towards greater independent production, this represente another potentially incrative busines John Ridding

penetration is small. So far, thongb, no partner has emerged and most European among its workforce, and a healthier steel market - were steel companies, almost all of whom are making money, have the main ingredients in the great turn-round story of Brit-ish Steel. tended to use the recent good trading conditions to reinforce The then British Steel Corpotheir independence.

ration absorbed more than Som of state aid from the late 1970s until the mid 1980s. It At the same time, British had seven integrated sites in 1979 (21 in 1970) and a workforce of 135,000 (185,000 in 1975). Man-bours per tonne of steel produced averaged 14 in 1980-81. It incurred an operat-ing loss of £538m in 1980 and a cent

total loss that year of £1.8bn The company now has five integrated sites. Its workforce is down to about 52,500. Its man-hours per tonne is less

Steel will now have to find the money to pay dividends, spend about £300m a year on capital investment, and to operate in a

In the past few years, British Steel has surprised everyone with the strength of its perfor-mance, and has pulled things out of the hat when least expected. In the long term, it has a lot of structural over-

market with lower prices and which, in Europe, will fall next year by an estimated 1.7 per

than five. Last year, one interheads whose removal will connational report identified Brit-ish Steel as the world's lowest tinue to lower its cost base.

Nick Garnett

130.541 Fleming Universal Kleinwort Overses Kleinwort Charter 124.032 123.565 117.475 15.3 20.3 11.6 16.2 18.3 16.3 17.2 12.0 18.4 19.7

22.4 19.0 15.3 9.3

11.5

20.6

18.7 12.5 13.6 14.0 18.6 13.8 13.8 18.7

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A-Z	LIST	OF	THE	UK	TOP	500	
		•••	_				

							50	01
A.B. Electronic Products 443 AAH Holdings 242	Brent Walker Holdings 282	Diplome	Hewdon-Stuart Plant	McAlpine (Alfred)	Restfort Group	Termec	51	St
ABB Kent Holdings	Bridon and an and a state of the state of th	Dobson Park industries	Hickorn International	McCarthy & Stone	Rachest Environmental Sentices 294	Tete & Lyle 110 Taylor Woodrow 100		
APV 123	Britannie Arrow Holdinge	Dowty Group 150	Higgs and Hill 383	Mecca Leigure 10	Racidit & Coleman	Teaco Stores (Holdings)	52	
ASW Holdings	Britannia Security Group	Dunhill Holdings 102	Highland Distillers	Meggitt Holdings	Fedland 69	There Television	53	
Advent Group	Britannic Assurance	EIS Group	Hilledown Holdings	Menzies John (Holdings) 222	Fired international	Thom Emi 45	54	Mu
Alexon Group 484	British & Commonwealth Hidgs 158	EMAP	Hogg Robinson 425	Mersey Docks and Harbour Co 382	Return Group	Thorntons	55	Fin
Atled Colloids Group	British Alrospace	Electrocomponents 179 Ellis & Everard 505	Home Robert	Meyer International	Regsilian Properties	Tibbell & Britten Group	58	
Alled London Properties	British Gas	Emers Lichting	Hunting Associated Industries	Microfilm Reprographics	Rentshill Group 187	Titoury Group 419 Time Products 405	57	Ab
Allied-Lyons	British Land 715	English Chine Cleve	Huntingdon International	Michard Bank	Resters Holdney 24	Tichook 252	58	Fle
Amec	British Petroleum	Enterprise Oil 34	MI	Mideummer Leisurs	Robinson (Thornes) Group	Tomkina F.H 222		
Americham International animum 255	British Sthet 23	Erskine House Group 432	Ebelock Johnson 237	Mitys 375	Roceners Group 418	Tootal Group 205	59	Fie
And Heelthcare	British Telecom 2	Etam	Iosiand Frozen Foods Hidgs	More O'Ferral 421	Rolls-Royce	Topa Estates	60	TA
Angliz Television 397	Briston Estate 208	European Hone Products	Imperial Chemical Industries 6	Morgan Crucible	Rosehaugh 190	Town Centre Securities 424	61	U.S
Angle Group	Brookrount	Europumei	incheape 105	Morrison William Supermarkets	Rotherhild J. Holdings	Toper, Kemsley & Allbourn		
Angle Group	Brown (N.) Group	Evered Hokings	Interpetional Business Comm 474	Mount Charlotte Rovestavente	Royal Benk of Scotland	Transport Development Group	62	
Argyli Group 53	Bryant Group 295	Evade Group	Jeguer	Moundeigh Grous	Roval insurance 65	Travis Peridos	63	
Artington Securities	Budgena 424	Expenses international	Johnson & Firth Brown 490	Mowiern (John) 205	Rugby Group 151	Trinity International Holdings	54	Du
Ampstrong Equipment 448	Buttoryth 252 Buttory H.P. Holdings 472	FKB Group 460 FKI Bebcock 119	Johnson Group Cleaners	Muchow (A. & J.) Group 389	Putland Troat	Triton Europe	65	8 G
Anda Group 48 Anda Property 478	Banzi	FR Group 229	Johnson Matthey 125 Keit Evergy 325	Myson Group	80-Soicon 355 8TC 50	Trusthouse Forte	66	Ken
Ashley (Laura) 290	Burmeh Ol	Famal Electronics	Kingfisher	NSM 274	STC	UE	67	F
Aphley Group	Burton Group 67	Fergueon Industrial Holdings 495	Kleinwort Beneon Group	National Home Loans	Sainetrary J	Utramer	68	City
Asprey 257	C.H. Industriais	Ferranti International Signal 135	Kwik Save Group	National Westminister Bank	Salveen (Christian)	Unioda		
Associated British Foods	Cable & Wireless 11	Fine Art Developments	Kwig-Fit Holdings	Heren thill	Savey Hotel 170	Unilever 16	69	Low
Astec (BGR)	Cabra Estates	Finitey (James) 417 First Leisure Corporation 231	LIT Holdings	Newman Tonics Group 372	Scene Group	Union Discount (Londos) 461	70	Shi
Astra Holdings	Caird Group	First National Finance	Lectrole Group 30	Next	Scottish & Newcastle Breweries	United Statistic 72	71	Gar
Aitwoods	Caledonia Investmentia 199	Fisher (Albert)	Laing (John) 226	Nortolis Capital Group	Scottish Metropolitan Props	United Friendly Insurance		
Automated Security (Holdings) 271	Calor Group 128	Figons	Laing Properties 225	Northern Engineering tasks 217	See.13	United Newspapers		
Avis Europe	Cambridge Electronic Industria	Fisch Lovell	Laird Group	Northern Foods	Becuricor Groep 157	VG Instrumente	73	LOR
Avon Rubber	Cannon Street Investments	Frogmary Estates	Land Securities 27 Laports industries 143	Norton Oper	Security Bervices	VSEL Consortium	74	
BAA	Caradon 278	Fuller Smith	Legel & General Group	Nurdin & Peacock	Sedgwick Group 98	Vacux Group	75	Yee
BAT Industries	Carlion Communications	GKN	Leigh Interests	Oxford instruments Group 381	Semic Engineering	Vickera 161	78	Lon
88A Group 188	Contral Independent TV 265	GPG 576	Leisure investments	P & O Steam Navigation	Shandwick 450	WCRS Group	77	Gne
BICC	Charter Consolidated	Generation	Lep Group	Parkfield Group 305 Parkway Group 401	Shell Transport & Trading 3	WPP Group 247	78	Fle
BM Group 365	Charterfield Properties	General Accident	List Service Group 211	Performant Zochamis	Stereton Secs International	Wace Group	79	Sel
BOC Group	Chioride Group 444	General Rectric 9	Lilley	Peerl Group	Sinon Engineering	Wagon industrial Holdings	60	Cor
BPB Industries	Christies International	Gerrard & National	Lloyds Abbey Life 59	Peerson 64	Singer & Friedlander Group	Warburg S.G. Group 146		~
855 Group	City Centre Restaurants	Gesteiner Holdings	Lloyde Berk	Poek 400	Siteschiery 328	Ward White Group 194	81	Sco
878	Clayform Properties 427	Glasso Holdings 4 Glynwed International	London & Edinburgh Trust	Peel Holdings	Stough Estates	Wardle Storeye	82	Nor
Baird (Wittern)	Close Brothers	Goal Paroleum	London & Metropolitan		Smith (Devid 6) 200	Warnford investments 371	83	Pac
Bank of Scotland 124	Clyde Petroleum 177	Goal Peroleum	LASMO 92	Perston	Smith (W.H.) Group	Wates City of London Prop	84	Flat
Berden Group 18	Cosite Group	Gramplan Holdings	London Forliging		Smiths Industries	Weir Group 505	35	Mas
Bardon Group \$42 Barratt Developments 216	Coate Brothers	Grand Metropoliten	London International Group	Pladon Brothers	Southerd Property	Wellconse 20	86	Kiel
Barrett (Henry)	Coloroli 209	Greet Portland Estates 140	Lowho	Pless 7	Southern Business Group 405 Soversign OU 425	Werbley Group		
Bess 22	Commercial Union	Great Universal Stares 35	Lovell Y.J. (Noidings) 350	Polly Peck International 198	Spevitawit 455	Western Motor Holdings	87	Gre
Beechem Group	Competit Group	Greens, King & Sons	Low & Booser Group	Polypipe 454 Partais Holdings 304	Spinex-Serco Engineering 313	Weetend	88	Thre
Bentatis	Cookson Group 25	Greens, King & Sons	Low (William) 422		Spring Ram Corporation	Westpool Investment Trust	89	300
Beristord International	Costain Group	Guardian Royal Exchange	Lowndes Queersney Group 462	Powerscreen International Ass	Stekis 205	Whitings Reave Angel	90	New
Berkeley Group 480	Countryside Properties	Guinness	Lucas industries	Premier Consolidated Obtields 198	Standard Chartered	Whitecrok 491	a 1	Stra
Biton (Percy)	Courtaulde	Haden Mactellan Holdings	M & G Group	Property Security Immed. Tst	Staveley Industries	Williams Holdings		
Stationard Hodon 440		Hembro Countryvide 430	MS Group 135	Provident Financial Group 812	Stead & Simpleon	Willie Feber	92	Klei
Blackwood Hodge	Creat Nicholson 338	Hambros	MEPC 07	Prudential Corporation 25	Storehouse	Wilson (Connolly) Holdings	93	Han
Blue Arrow 127	DBG 167	Hammerson Property 83	MTM	Quadrant Group 455	Sturge Holdings	Wimpery (George) 123	94	Rai
Sive Circle Industries 82 Boddington Group 200	Deelan Holdings	Harrison & Crosfield	Mecalien-Glenilvet	Gueens Most Houses	Sun Allenoe & London Insur	Wolselay	95	Con
Body Shop International	Dely Mail & General Trust	Harrisone & Crosfield	Menchester Ship Canal Co	RTZ Corporation 18	Sun Life Assurance Society 141 Subsr 284	Yate and Valor	96	Pre
Booker 117	Delgety 116 Davis, Godirey 30	Hawker Studeley Group	Marks and Spancer	Recei Electronice	Tá N 150	Yoristite Television	97	Sec
Boots 33	Davy Corporation	Haziewood Foods 185	Marley	Raine industries	Ti Group 192	Yule Casta	98	Stra
Remember Industring	Dewson International	Heath C.F	Marshelle 405	Randsworth Trust 309	TIP Europe		99	Gar
Bowthorpe Holdings 207 Bractiond Property Trust 302	Delta Group	Henderson Administration Grp	Methows (Bernerd) 485	Rank Organisation 40 Ranks Hovis McDougeli 71	758 Group 74		100	OEn
Brake Brothers 390	Devendsh J.A	Hastair 953	Maxwell Communications Corp 97	Pansomes	TVS Entertainment			
Contraction of the second seco			the second		The sum ship the same summer and			

41	Murray Smaller Markets	117.086	138.903	16,7
42	Drayton Far Eastern	113.879	130.251	. 7.7
43	Tribune	113.775	138.006	17.6
44	Floming American	105.877	157.232	18.9
46	English & Scotlish	101.740	128.143	20.8
47	Triplevest	96.100	111.082	11.7
46	G T Japan Brisnner	97.018 96.000	118.088	17.8
49	Electric & General	93,156	1 19.939 1 15.431	18.0 19.3
50	Overseas	86.160	111.423	18.3
51				
52	St Andrew	74.933	90.190	16.9
53	C.D.F.C. Truet	74.910	86,957	13.9
54	Murrey Venturne	68.361	118.384 93.602	17.1
55	First Tokyo Index	66.440	71.668	12,7
58	English & Inter	62.01a	74.000	8.1
57	Abingworth	61.114	75.599	19.2
58	Fleming Enterprise	58.800	68.970	13.8
59	Fleming Claverbouse	57.600	66.915	13.3
60	TA Pacific	56.283	58.004	3.0
81	U.S. D.C.	55.702	67.991	20.1
62	ndependent	54.800	71.048	22,1
63	London American Venture	54.096	68.147	- 20.6
54 65	Dundee & London	53.928	62.110	10.8
66	Keystone	52.604	70.106	18.9
67	F& C Eurotrust	51.246 48.758	60.668	16.3
68	City & Commercial	46.789	57.758 57.655	3.5
69	Lowiand	44.621	50.913	12.4
70	Shires	39.004	76.340	4.5
71	Gartmore Information	38.563		13.2
72	T R Technology	37.083	44.445 59.711	13.2
73	LODGOD & Stranchele	36.864	43.013	14.3
74 75	Noorgate	36.768	35.011	-6.0
78	London Atiantic	35.948	44.079	18.5
77	Greenister	35.383 35.251	42.704	17.9
78	Fieming Fledosling	30.670	51.443 35.880	17.8
79	Selective Assets	30.108	39.957	23.3
60		29.946	39.935	11.4
81	Scottish & Merc	29.520	30.301	2.4
82		26.418	34.621	14,0
83	Pacific Assets	27.622	32.357	-1.9
84 35	Floming High Inc	27.375	24.499	-17.7
86	Martin Currie Pac Kielnwort Smaller Co	26.917	34.147	11.3
87	Grahams Rintoul	24.652 24.305	25.550	1.9
88	Grahams Rintoul	22.802	29.500 35.455	17.8
89	Scottish Cities	22.539	29.961	24,8
90	New Throgmorian	20.807	59,942	56.7
a 1	Strata	19.925	28.400	21.7
92	Kleinwort Der Hambros Adv Tech	18.051	20.507	.6.4
93 94	Relation	16.650	28,812	30.4
95	Continental Assets	18.360	22.226	. 17.4
96	Procious Metals	18.177 18.120	22.780	4.6.
97	Second Market	17,101	21.545 17.593	15.9
98	Stratton	16.160	20.872	22.6
99 100	Gartmore European	15.908	21.338	10.6
-00		15.545	14.947	-4.8
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